Cabinet
Wednesday 18 December 2019
10.00 am JMR, The Deane House, Taunton

To: The Members of the Cabinet

Cllr M Chilcott (Vice-Chair), Cllr D Fothergill (Chairman), Cllr D Hall, Cllr D Huxtable, Cllr C Lawrence, Cllr F Nicholson, Cllr F Purbrick and Cllr J Woodman

All Somerset County Council Members are invited to attend meetings of the Cabinet and Scrutiny Committees.

Issued By Scott Wooldridge, Strategic Manager - Governance and Risk and Monitoring Officer - 10 December 2019

For further information about the meeting, please contact Michael Bryant or Scott Wooldridge or 01823 357628 democraticservices@somerset.gov.uk

Guidance about procedures at the meeting follows the printed agenda.

This meeting will be open to the public and press, subject to the passing of any resolution under Regulation 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

This agenda and the attached reports and background papers are available on request prior to the meeting in large print, Braille, audio tape & disc and can be translated into different languages. They can also be accessed via the council's website on www.somerset.gov.uk/agendasandpapers

AGENDA

Item   Cabinet - 10.00 am Wednesday 18 December 2019

** Public Guidance notes contained in agenda annexe **

1   **Apologies for Absence**

2   **Declarations of Interest**

Details of Cabinet Member interests in District, Town and Parish Councils will be displayed in the meeting room. The Statutory Register of Member's Interests can be inspected via the Community Governance team.

3   **Minutes from the meeting held on 13 November 2019**

4   **Public Question Time**

The Chair will allow members of the public to present a petition on any matter within the Cabinet's remit. Questions or statements about any matter on the agenda for this meeting may be taken at the time when each matter is considered.

5   **Climate Emergency Framework**

In accordance with the Local Authority Code of Publicity and the current pre-election period the proposed decision report will be published on Friday 13th December 2019.

6   **Review of the Council's Scrutiny Function** (Pages 5 - 58)

7   **Medium Term Financial Plan (2020-2023) Strategy**

In accordance with the Local Authority Code of Publicity and the current pre-election period the proposed decision report will be published on Friday 13th December 2019.

8   **Investment Strategy**

In accordance with the Local Authority Code of Publicity and the current pre-election period the proposed decision report will be published on Friday 13th December 2019.

9   **Management of Risk Pathway documents: Strategy, Policy and Process** (Pages 59 - 108)

10   **Revenue Budget Monitoring - Month 7** (Pages 109 - 132)

11   **Any other urgent items of business**

The Chair may raise any items of urgent business.

THE MEETING – GUIDANCE NOTES

1   **Inspection of Papers or Statutory Register of Member's Interests**

Any person wishing to inspect reports or the background papers for any item on the agenda or inspect the Register of Member's Interests should contact Scott Wooldridge or Mike Bryant on (01823) 359048 or 357628 or email mbryant@somerset.gov.uk

2   **Notes of the Meeting**

Details of the issues discussed and decisions taken at the meeting will be set out in the Minutes, which the Cabinet will be asked to approve as a correct record at its next meeting. In the meantime, details of the decisions taken can be obtained from Scott Wooldridge or Mike Bryant on (01823) 357628 or 359048 or email mbryant@somerset.gov.uk

3   **Public Question Time**

At the Chair's invitation you may ask questions and/or make statements or comments about **any matter on the Cabinet's agenda**. You may also present a petition on any matter within the Cabinet's remit. **The length of public question time will be no more than 30 minutes in total**.

A slot for Public Question Time is set aside near the beginning of the meeting, after the minutes of the previous meeting have been signed. However, questions or statements about any matter on the agenda for this meeting may be taken at the time when each matter is considered.

If you wish to speak at the meeting or submit a petition then you will need to submit your statement or question in writing to Mike Bryant by 5.00pm three clear working days before the meeting. You can send an email to mbryant@somerset.gov.uk or send post for attention of Mike Bryant, Community Governance, County Hall, Taunton, TA1 4DY.

You must direct your questions and comments through the Chair. You may not take direct part in the debate.

The Chair will decide when public participation is to finish.

If there are many people present at the meeting for one particular item, the Chair may adjourn the meeting to allow views to be expressed more freely.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

An issue will not be deferred because you cannot be present at the meeting.

Remember that the amount of time you speak will be restricted normally to two minutes only.

4   **Hearing Aid Loop System**

To assist hearing aid users, the Luttrell Room has an infra-red audio transmission system. This works in conjunction with a hearing aid in the T position, but we also need to provide you with a small personal receiver. Please request one from the Committee Administrator and return at the end of the meeting.

5   **Emergency Evacuation Procedure**

In the event of the fire alarm sounding, members of the public are requested to leave the building via the signposted emergency exit, and proceed to the collection area outside Shire Hall. Officers and Members will be on hand to assist.

6   **Cabinet Forward Plan**

The latest published version of the Forward Plan is available for public inspection at County Hall or on the County Council web site at: http://www.somerset.gov.uk/irj/public/council/futureplans/futureplan?rid=/guid/505e09a3-cd9b-2c10-89a0-b262ef879920.

Alternatively, copies can be obtained by telephoning (01823) 359027 or 357628.

7   **Excluding the Press and Public for part of the meeting**

There may occasionally be items on the agenda that cannot be debated in public for legal reasons (such as those involving confidential and exempt information) and these will be highlighted in the Forward Plan. In those circumstances, the public and press will be asked to leave the room while the Cabinet goes into Private Session.

8   **Recording of meetings**

The Council supports the principles of openness and transparency, it allows filming, recording and taking photographs at its meetings that are open to the public providing it is done in a non-disruptive manner. Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings and a designated area will be provided for anyone who wishing to film part or all of the proceedings. No filming or recording will take place when the press and public are excluded for that part of the meeting. As a matter of courtesy to the public, anyone wishing to film or record proceedings is asked to provide reasonable notice to the Committee Administrator so that the relevant Chair can inform those present at the start of the meeting.

We would ask that, as far as possible, members of the public aren't filmed unless they are playing an active role such as speaking within a meeting and there may be occasions when speaking members of the public request not to be filmed.

The Council will be undertaking audio recording of some of its meetings in County Hall as part of its investigation into a business case for the recording and potential webcasting of meetings in the future.

A copy of the Council's Recording of Meetings Protocol should be on display at the meeting for inspection, alternatively contact the Committee Administrator for the meeting in advance.

Review of the Council's Scrutiny Function

Cabinet Member(s): Cllr David Fothergill, Leader of the Council
Local Member(s) and Division: N/A
Lead Officers: Scott Wooldridge - Monitoring Officer and Jamie Jackson – Service
Manager – Governance and Scrutiny Officer
Contact Details: swooldridge@somerset.gov.uk or jjackson@somerset.gov.uk / 01823
357628

1. Summary / Background

1.1.   The Peer Challenge in 2018 identified, as one of the key recommendations,
that 'Somerset County Council should review its scrutiny arrangements as part
of making it more effective'. In support of the Council's organisational
transformation, the Council commissioned the nationally renowned Centre for
Public Scrutiny to carry out an independent review of the scrutiny function at
SCC between March and May 2019. Their findings and recommendations can
be seen in Appendix A. The report recognises that we have a good platform
from which scrutiny can successfully develop.

1.2.   It is important to recognise that Somerset is not alone on its journey to
improve its scrutiny function. The Government published new Statutory
Guidance on Overview and Scrutiny in May 2019 in order to support councils. It
should be highlighted that the Centre for Public Scrutiny assisted the
Government with the new guidance.

1.3.   A key question throughout the review has been "what makes good scrutiny".
The following are seen as a guide for good scrutiny :

1. Provides critical friend challenge to executive policy and decision makers
- Constructive, robust and purposeful challenge
- Non-aggressive to create optimum conditions for investigative evidence
based approach.

2. Enables the voice and concerns of the public
- Meetings conducted in public
- Good communication, consultation and feedback.

3. Carried out by independent minded councillors
- Councillors actively engage in the scrutiny function to drive improvement
- Areas are reviewed in an a-political atmosphere.

4. Drives improvement and better outcomes
- Promotes community well-being and improves the quality of life
- Strategic review of corporate policies, plans, performance and budgets.

2. Recommendations

2.1. The Cabinet is asked to consider the proposals in this report and make any further recommendations it considers appropriate to include as part of the Scrutiny Review with reference to the Government's new statutory guidance, best practice from other councils and the members workshop held in September 2019. Subject to any additional recommendations being identified, the Cabinet is further asked to recommend to Full Council:

1. that the Council agrees to implement a programme of cultural transformation and improvements to its scrutiny arrangements by March 2021, including the provision of additional resources in the Democratic Services Team and members training budgets to deliver the enhanced scrutiny arrangements;

2. the approval of 10 of the 11 recommendations within the Centre for Public Scrutiny's 'Supporting governance, scrutiny and member support in Somerset County Council' report as detailed on pages 9 and 10 of Appendix A and for these to be implemented by March 2021. In line with Scrutiny recommendations, the Cabinet is asked to endorse an alteration to Recommendation 6 within the CfPS report and recommend that the number of agenda items is limited to an absolute maximum of 4, rather than the 2 as currently recommended;

3. approval to the 11 recommendations within the Centre for Public Scrutiny's 'Supporting governance, scrutiny and member support in Somerset County Council' report as detailed on pages 9 and 10 of Appendix A and for these to be implemented by March 2021;

4. that it receives a progress report on the improvements and review of scrutiny arrangements by November 2020.

3. Reasons for recommendations

3.1 Effective scrutiny helps secure the efficient delivery of public services and drives improvements within the Council and, if done well, amongst other public service providers too. Whilst the scrutiny function has matured in Somerset over the years, it still faces challenges and opportunities to improve.

3.2 As part of organisational transformation and taking forward peer challenge recommendations, the Council has undertaken a thorough review of its scrutiny function. This review has considered best practice from other councils (including Devon County Council) and the latest Government statutory guidance published in May 2019 which has informed our recommendations for the council to endorse a programme of cultural transformation and improvements for its scrutiny function over the next 14 months. Our review has also involved working with the Centre for Public Scrutiny (CfPS). Their final review report (attached as Appendix A) provides the Council with an opportunity to consider a series of recommendations and suggest any further developments they consider appropriate.

3.3 The recommendations in this report therefore combine both the recommendations that can be taken forward in the short term from the CfPS report along with recognising that the necessary cultural improvements for elected members and officers to develop and embed better scrutiny form part of a longer term programme of work up to be taken forward during 2020/21.

3.4 The proposed amendment to one of the 11 recommendations from CfPS was unanimously endorsed by all three Scrutiny Committees in November as this more accurately reflects the current position of the Authority and the size of the workload. It should be highlighted that the proposed maximum of four agenda items would include Scrutiny's ongoing review and assurance of the council's improved financial position.

4. Other options considered

4.1. There were no other options considered. The recommendations are being brought forward as a part of the Council's annual review of its democratic arrangements and following consideration of the new statutory Scrutiny Guidance and the Centre for Public Scrutiny review.

5. Links to County Vision, Business Plan and Medium-Term Financial Strategy

5.1. Effective scrutiny plays a key role in the efficient delivery of public services and drives improvements within the Council, this underpins the Council headline vision ensuring 'improving lives' is prioritised. The work of the Council's Scrutiny Committees covers the breadth and depth of the Council's business plan, encompassing the four key aims – better infrastructure, safer communities, fairer opportunities and healthier lives, therefore improvements in the Council's scrutiny function will directly impact on the delivery of the plan.

6. Consultations and co-production

6.1. Page 11 of the Centre for Public Scrutiny's final report details the Members and officers who were met with on an individual basis.

6.2. All Members were invited to take part in an online Scrutiny survey. Over 40% of Members completed the survey, the results of which form part of the Centre for Public Scrutiny's final report.

6.3. 20 County Councillors attended the Scrutiny review Member workshop in September.

7. Financial and Risk Implications

7.1. While there are no direct budget implications within the CfPS recommendations, the review of other councils and the new statutory guidance identifies the need for more scrutiny training and development for members and officers, the possibility of conducting scrutiny in different ways, including increased use of visits and travel around the County. These recommendations will result in a moderate increase of expenditure relating to Member expenses and training budget requirements compared to 2019/20 levels. However this should be considered alongside a reduction in officer demand, especially at a senior level, to prepare reports, briefings and member and officer attendance as a result of a reduced number of formal Committee meetings from 2020.

7.2. The cultural transformation required, improved work planning and policy advice support will require dedicated officer resources in addition to what the council provides currently through the Democratic Services Team. The Strategic Manager-Governance and Democratic Services has reviewed other comparable councils and together with the CfPS recommendations has identified, as a minimum, the need for an additional scrutiny support officer within the Democratic Services team. This additional officer support together with additional training resources for members and officers are an integral part of the recommendations as they will be essential to support successful implementation by March 2021.

8. Legal and HR Implications

8.1. There are no legal implications. The Council undertakes an annual review of its democratic arrangements and its Constitution to ensure they remain fit for purpose for the organisation and meet its legal duties.

8.2. Implementation of the Centre for Public Scrutiny recommendations would require additional dedicated scrutiny support officer and member training support capacity in the Democratic Services Team.

9. Other Implications

9.1. Equalities Implications

There are no equalities implications.

9.2. Community Safety Implications

There are no community safety implications.

9.3. Sustainability Implications

There are no sustainability implications.

9.4. Health and Safety Implications

There are no health and safety implications.

9.5. Health and Wellbeing Implications

There are no health and wellbeing implications.

9.6. Social Value

Not applicable.

10. Scrutiny comments / recommendations:

10.1. During November, all three Scrutiny Committees have been consulted on the proposals and have endorsed the recommendations. No additional recommendations have been suggested by these Committees. As part of the debates the following points and topics were discussed:

- There is clear agreement that the Committees are keen to be involved early in policy development and wholly support the proposal to move away from the current solely meeting based structure of scrutiny and make relevant visits to frontline services and staff. However there was discussion regarding the scaling back of formal Committees to a 5/5 ratio of formal and informal and perhaps a ratio of 7 formal and 3 informal during a year would work better initially.
- The Committees expressed an interest in securing co-opted Members with relevant expertise, including those with health, carers and environmental backgrounds.
- All 3 Committees strongly endorsed the 'no information' items rule for agenda items and for these to be circulated and considered electronically.
- There was also strong support for Committee meetings to have a slightly later start time in order that the Committee can receive a briefing for an hour prior to the meeting from relevant officers on the areas to be

discussed or for the time to be used as a training session, similar to the Select Committee style format.

11.   Background

11.1. The Council's scrutiny structure currently comprises three committees. The Council is also the host authority for the Police and Crime Panel, a joint scrutiny committee comprising Councillors representing the various councils in the Avon & Somerset police area and several Independent Members. The Council also hosts further partnership scrutiny panels in relation to the Joint Waste Scrutiny Panel and the Somerset Rivers Authority Joint Scrutiny Panel.

11.2. While Scrutiny has matured in Somerset over the last decade and there is lots of activity, it still faces challenges and opportunities to improve. Areas to improve include officer driven agendas, Scrutiny Committees being used as a 'tick box' for agreeing new policy and not adequately providing the Committees the early opportunity to add value, improved partnership scrutiny, limited wider member engagement in scrutiny work, overcrowded agendas, the need to improve opportunities for joined up scrutiny activity across the committees, better forward work planning and an increased focus on commissioning activity.

11.3. As noted above, The Peer Challenge in 2018 identified, as one of the key recommendations, that 'Somerset County Council should review its scrutiny arrangements as part of making it more effective, ensuring all councillors are equipped to play an active role and contribute to the policy making and key decisions affecting the future of Somerset's residents and the council, and that its governance arrangements are reflective of this.'

11.4. The Communities and Local Government Select Committee undertook an inquiry into the effectiveness of scrutiny in local government in 2017. The select committee's report identified a number of areas for improvement. This work has led to the development of the new statutory Scrutiny Guidance which was published in May 2019. That guidance recognises that authorities have democratic mandates and are best-placed to know which scrutiny arrangements are most appropriate for their own individual circumstances.

11.5. As part of the organisational transformation work it was recognised there was a need to improve the Council's scrutiny arrangements. The Council commissioned the nationally renowned Centre for Public Scrutiny to carry out an independent review of the scrutiny function at SCC between March and May 2019. This involved attending all 3 Scrutiny Committees (Place, Adults and Health and Children and Families) during April and conducting a Member survey, before producing an initial draft report in late May. This was subsequently reviewed with the Leader, Deputy Leader and Scrutiny Chairs and Vice Chairs in June.

11.6. Following receipt of the draft Scrutiny Review report the Leader and the 3 Scrutiny Chairs agreed that the next step should involve an all member workshop to discuss the report, the recommendations within and consider these alongside the recent issued national guidance and the council's transformation work. The workshop was held in September, where members received an introductory briefing on the recently published statutory Scrutiny guidance for councils (Appendix B), an appraisal of the scrutiny arrangements and scrutiny resources at Devon County Council, provide a valuable opportunity for members to discuss the ideas and opportunities to make scrutiny more effective. The workshop also provided the opportunity for members to discuss the Centre for Public Scrutiny's report and other ideas that members had for improving scrutiny prior to the report formally considered at all 3 Scrutiny Committees in November, as well as Cabinet, ahead of the recommendations being presented to Full Council in January 2020. The workshop was facilitated by Ian Parry, from the Centre for Public Scrutiny who wrote the CFPS's report.

11.7. The report of the Centre for Public Scrutiny, attached as Appendix A, gives a comprehensive analysis of the current arrangements and contains 11 specific recommendations for how scrutiny might be improved at the Council. Several of these recommendations can be defined as logistical or practical changes and therefore are relatively easy and straightforward to implement. Other recommendations are more cultural and these will take longer to embed and will require a change of approach throughout the Council and new ways of working by Members and officers.

The easier to implement changes include reducing the number of formal committee meetings in order to provide each scrutiny committee with the opportunity to focus its available resources on areas such as the development of commissioning plans, undertaking more partnership scrutiny, review opportunities for services improvements and doing more scrutiny outside of formal committee meetings e.g carrying out visits to frontline services and greater use of task and finish groups. Improvements to work planning (including quarterly joint work planning meetings across the committees), more focused agenda setting, improved meeting layouts, as well as a strict adherence to no 'for information' report as part of any formal agenda, would be relatively straightforward to implement during the course of 2020.

11.8. The cultural work as part of organisational transformation that has been identified will require a more gradual introduction, as members assume more ownership with the work programme and actively suggest and pursue items they wish to be considered, as well as Cabinet and officers making greater use of utilising Scrutiny as a sounding board early in policy and commissioning development and consider their recommendations when shaping decisions and focusing on outcomes. This gradual introduction will take time and the intention is to have embedded all of the recommendations in time for the new council from May 2021. A project plan for implementing the CfPS recommendations and cultural improvements is being developed and will be

agreed in consultation with the Chairs of the Scrutiny Committees ahead of the 2020 financial year. That plan will be shared with all elected members.

11.9. An overarching aim has to be that our Scrutiny committees should be non-political and feel able to constructively challenge the 'issues' and outcomes. There is an important role for the chair, vice-chair and support officers in ensuring that there is an outcome for items considered at scrutiny committees. The question should always be 'Why is this coming to scrutiny and what is its purpose?'. Topics that do not require scrutiny can be covered by member information sheets, briefings or incorporated within the Member Development Programme.

11.10. Key to driving the cultural change and improvements will be the improved support, additional resources and training for members and officers. This is not restricted to just the committee members as the scrutiny function is open to all members to engage and participate. One of the foundations for these improvements will be ensuring that members have a good understanding and awareness of both the statutory guidance for councils which helps set out what makes effective scrutiny together with the CfPS findings and recommendations. Training and development for members is essential for the improvements to be sustained. This needs to include taking further opportunities over the next 14 months to look at best practice from other councils, together with keeping under review and learning from the changes that are recommended to our scrutiny function.

12. Background Papers

12.1. Appendix A - Supporting governance, scrutiny and member support in Somerset County Council – Centre for Public Scrutiny - May 2019.

12.2. Appendix B - Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities – Ministry of Housing, Communities and Local Government – May 2019.

<u>Report Sign-Off</u>

		Signed-off
Legal Implications	Honor Clarke	09/12/19
Governance	Scott Wooldridge	05/12/19
Corporate Finance	Sheila Collins	09/12/19
Human Resources	Chris Squire	09/12/19
Property	Paula Hewitt	09/12/19
Procurement / ICT	Simon Clifford	09/12/19
Senior Manager	Pat Flaherty	09/12/19
Commissioning Development	Rsyzard Rusinek	09/12/19
Cabinet Member	Cllr David Fothergill - Leader of the Council and Cabinet Member for Customers and Communities	09/12/19

Opposition Spokesperson	Cllr Jane Lock	06/12/19
Scrutiny Chairs	Scrutiny for Adults and Health Committee on 6th November, Scrutiny for Policies and Place Committee on 7th November 2019, and the Scrutiny for Children and Families Committee on the 15th November	

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Supporting governance, scrutiny and member support in Somerset County Council

Final Report

May 2019

Contents:

Executive Summary:

- o **Introduction**
- o **Scope and methodology**
- o **Summary of findings**
- o **Recommendations**

Appendix A – Member survey summary
Appendix B – Evidence gathering summary

Supporting scrutiny, governance and member guidance

Introduction

Scrutiny plays an essential role in policy shaping, holding the executive to account and reviewing issues of importance to local communities. For it to do this effectively the scrutiny function and members need to develop a shared understanding on the role, purpose and objectives of overview and scrutiny. Scrutiny has to be a whole council responsibility and not left to a few members in scheduled meetings. It needs to be strong on prioritisation, develop strategic work programming and engage in evidence-based objective enquiry. It must have measurable impact on policy shaping, decision making, value and the quality of council services.

Somerset County Council is keen to drive the council's ambitious plans for its local economy, healthy communities and infrastructure projects. It also wishes to ensure that scrutiny arrangements are effective and support the council's goals, through constructive challenge and visible accountability.

Following a recommendation in SCC's external corporate peer review the Council engaged the Centre for Public Scrutiny to provide a comprehensive review of scrutiny and member support arrangements and to provide proposals and recommendations on where it could improve and develop the effectiveness of scrutiny.

The review also takes into account the recently published government [MHCLG] guidance on Overview and Scrutiny in Local Authorities [May 2019]. CfPS were closely involved in this guidance and were therefore able to include it in the review prior to its official publication.

CfPS is the leading national body promoting and supporting excellence in governance and scrutiny. Its work has a strong track record of influencing policy and practice nationally and locally. CfPS is respected and trusted across the public sector to provide independent and impartial advice.

CfPS is an independent national charity founded by the Local Government Association [LGA], Local Government Information Unit [LGIU] and Chartered Institute of Public Finance Accountants [CIPFA]. Its governance board is chaired by Lord Bob Kerslake.

Review process

This review considered the following:

Review of the arrangements to support members, governance and scrutiny.

1. **Scope**

   1. **Members, meetings and agendas:**

      Are there barriers to member engagement, is there a shared understanding of scrutiny's mission? How are meetings structured, chaired, supported and attended? What is achieved?
      Are agendas focused? Are they balanced or cluttered, indulgent or objective?

   2. **Structure and work programming:**

      Are the scrutiny committees able to offer effective scrutiny across the council? Are committee work plans aligned or are there gaps, overlaps and is the workload spread as evenly as possible? Are work plans strategic and focused on achieving positive outcomes? Are they affiliated to the corporate plan and its delivery? Are they prioritised and able to show a value contribution?

   3. **Support and resources:**

      How effectively are members supported in their community roles and how does this provide adequate insight into public concerns and issues that supports the work of scrutiny. How well do officers (not just scrutiny officers) support the work of scrutiny? How embedded is scrutiny in policy development, budget and MTFS planning?

   4. **Relationships, behaviours and culture:**

      Are relationships between executive and scrutiny mature and based on trust? Is there good, robust challenge. Are there points of unnecessary conflict or tension? Can executive and scrutiny openly share. What are officer and scrutiny relationships like? Is scrutiny getting the best out of both executive members and officers?

   5. **Member skills and development opportunities**

      Is there a reasonable spread of interest, experience and ability across committees? What are the specific gaps in skills, knowledge and experience? How can members support themselves and each other?

   6. **Contribution, performance and value-adding:**

What difference is scrutiny making, how does it contribute to council improvement, council performance, service delivery and improved outcomes for Somerset.

7. **Improvement programme:**

    How can scrutiny achieve more? What needs to change culturally and structurally to make it happen. What part can stakeholders, scrutiny members, chairs, cabinet members, Leader and CEO team play in effecting and supporting change and improvement?

8. **Working with and scrutiny of partners:**

    This review did not include within its scope scrutiny of partner organisations. However, this is an increasingly crucial area for scrutiny activity. Partnerships are wide and varied including health and care strategic integration arrangements, health providers, public protection services and many other public and private sector providers. This review reinforces the importance for effective scrutiny in these areas.

2. Methodology

Desk study of meetings, agendas, constitution and other relevant reports and documents

Desk study of documentation and material produced by other councils (to be selected to allow for comparison of different elements of Somerset's business and governance model)

On-site meetings with officers and members to gather evidence and information on the strengths and weaknesses of the current arrangements

Short interviews (in person or by phone) with scrutiny chairs and vice chairs, Leader and DL, Cabinet Members, and opposition spokespeople, previous chairs, and committee members.

Member on-line survey to capture the views of all council members.

Observations of the scrutiny process including meeting management, involvement and conduct. The review observed meetings of the three main scrutiny committees.

3. Workshop

CfPS will present its findings and recommendations to a workshop for members and officers.

Summary of findings

1. Overall assessment:

1.1 Overall the council has demonstrated an ongoing commitment to scrutiny in terms of the creation and focus of committees, the level of activity undertaken, and time and resource dedicated across the organisation.

1.2 There is a clear realisation and commitment from members and officers that scrutiny could be more effective and productive. The majority of those interviewed welcomed the opportunity to make changes and improvements.

1.3 There is good support from the democratic services team which is recognised by scrutiny members and from the council's political and officer leadership to support change to enable improvement to happen.

1.4 From its current base there is a good platform from which scrutiny can successfully develop.

1.5 There have been 24 responses to the on-line member survey on scrutiny (41%). A full analysis of responses will be included in the draft report.

2. Findings assessments:

2.1 We found a consistent view that scrutiny is not adding value in the way it currently operates. This is negatively impacting on the 'return' the organisation gets from its investment in scrutiny. Officer support and engagement is effective and the commitment from chairs and vice-chairs overall is good.

2.2 A consistent clear understanding of the purpose, role and responsibilities of scrutiny is lacking across the organisation. There is also a weak appreciation of how scrutiny adds value as part of a whole council function.

2.3 The principle of democratic accountability is not being adequately applied. Political decision-makers are not sufficiently held to account and are frequently absent from scrutiny meetings when items on their portfolio are discussed. A key function of scrutiny is holding to account. However, scrutiny meetings do not appear to be organised to allow transparent challenge and accountability to take place. Officers instead are often providing a briefing and Q&A sessions for scrutiny.

2.4 More pre-scrutiny of forward plans and decisions would engage scrutiny in real shaping and value-based activity. There is scope for more of this to be included.

2.5 We acknowledge that there appears to be a lot of scrutiny activity happening – 3 committees, each meeting 10 times a year, usually with full agendas. These need significant financial investment of resource from the council both in officer and member time. But it is difficult to quantify its positive contribution to the council's decision-making, strategic goals and priorities. We also recognised that the scrutiny function continued with significant activity in 2018/19 - a time when the Council faced financial challenges and essential transformational work.

2.6 The scrutiny work programme is fairly static and often repetitive, wide-ranging and can lack focus or alignment with the council's strategic plans or key high impact or high value issues. Few people were able to evidence examples where scrutiny had led to a specific beneficial outcome, influenced or improved council outputs.

2.7 Scrutiny itself is predominantly committee-based, there was talk of positive engagement in task and finish groups, but the vast majority of scrutiny takes place in meetings. Here there are too many examples of officer information sharing and members clarifying rather than specific issues being explored and recommendations made.

2.8 Scrutiny could benefit from additional officer capacity to advise and support. This should not be used to allow more activity, but to support and advise scrutiny on objective setting, work programming, increasing productivity, supporting task and finish work, policy support and improving outcomes. There is some member concern that there is a lack of capacity in the Democratic Services Team. New government guidelines draw attention generally within councils to resourcing weaknesses.

2.9 Overall there is a lack of basic scrutiny standards applied in relation to the structure and layout of meetings; who asks questions, how officers and members are questioned, and actions/ recommendations are agreed. From a visitor or public perspective, it is also difficult to work out who is sitting round the table. As an alternative there could be set seating positions for scrutiny members, cabinet members and their support officers, scrutiny and governance officers and identification made clearer.

3.0 For some, there is a view that scrutiny has lost of its independence and become too politically influenced in the way that it operates.

3.1 An acceptance of officer presentations, an inability to dig deeper and investigate led to descriptions of the scrutiny experience as being 'an easy ride', and frustrations that obvious areas of concerns are not picked up or reacted to or followed up.

3.2 It is suggested that scrutiny is lagging behind, as Somerset continues at pace to transform how it operates. There is a risk that a significant gap in the organisation's governance/oversight framework expands and becomes a significant organisational weakness

3.3 Scrutiny of partner organisations has begun to develop in recent years and although we were unable to observe this, there is a growing appetite across the 3 committees to engage key partner organisations such as health, public safety, transportation providers and others. It is clearly in the interests of the council to improve outcomes for Somerset's communities to develop and extend this external scrutiny further.

3.4 There is a challenge that member substitutes at meetings make it more difficult to create a team environment and approach to agreeing lines of inquiry etc. Potentially it may help to remove this rule and expect consistent attendance.

3.5 Query the value of public questions at the scrutiny committee, both from a public perspective and contribution to scrutiny. As a principle this approach is good practice but in practice it was difficult to see how this approach resulted in a positive experience for the public (compared to other ways to engage) and contributed to effective scrutiny of specific topics.

3.6 There is currently a limited used of independent co-opted members by scrutiny. By using co-opted members scrutiny could gain significant additional skills, insight and capacity particularly in specialised areas. The latest Statutory Guidance on Overview and Scrutiny indicates the potential to increase representation beyond Children & Families to improve the skills and experience available to the committee. The use of independent technical advisers as co-opted members on specific areas of scrutiny and partnership scrutiny work could be an exciting and bold way to add more capacity.

Member survey highlights

There were 24 responses to the on-line survey making the sample large enough to be reasonably representative.

A majority of councillors (65%) agreed that scrutiny was either effective or very effective, which was not supported in the interviews and evidence gathered by the CfPS review

Appendix A . Report on the survey results

Recommendations

1. Scrutiny members, Cabinet and SLT conduct an exercise to clarify the role and purpose for scrutiny. We would recommend that the MHCLG Guidance on Culture is used as a set of principles to consider in this exercise. The guidance covers:

   - Recognising scrutiny's legal and democratic legitimacy

   - Identifying a clear role and focus

   - Regular engagement between scrutiny and executive [cabinet]

   - Managing potential disagreements

   - Providing necessary support

   - Ensuring impartial advice from officers

   - Communicating scrutiny's role within the council

   - Embedding scrutiny with the whole council

   - Ensuring that scrutiny has an independent mindset

   - Consider the use of independent co-opted members to add independent expertise and insight

2. Move towards a more agile and potentially productive scrutiny structure. This could be achieved by reducing the number of meetings. Additional capacity and scope could be achieved through task and finish groups. These T&F working groups, however, should be tightly managed to ensure their scope timescale and value contributions are clear. They should be limited in number to ensure that their demand upon resources and officer support capacity is measured and commensurate with the return on the investment of time and resource involved.

3. Cabinet members need to be more visibly accountable to scrutiny. All scrutiny meetings should include the relevant Cabinet Member or Leader as the main focus/witness of scrutiny. Cabinet members are accountable for their portfolios and should be prepared to attend, present and answer policy-related questions. Officers should be present as technical advisors. This will provide transparent, clear visible accountability of political decision-makers.

4. Political group influence through pre-meetings or advice to chairs can cause scrutiny to lose its impartial role and independent mindset which is crucial for effective and objective scrutiny. We recommend that scrutiny operates totally in public and any political pre-meetings avoided.

5. Review approach to work planning, agenda setting, meeting preparation. Scrutiny work programmes should avoid repetitive reporting, 'for-information' items or general presentations and reports to which scrutiny can add only minimal value.

6. Scrutiny meetings should try to aim for a maximum of two agenda items per meeting and design meetings to have clear lines of enquiry and objectives. This would provide scrutiny to engage more thoroughly and productively.

7. Scrutiny should develop a clear methodology in the creation of work programmes to ensure that it segments and prioritises and aligns with the council's plans and goals. This should be member-led and in consultation with cabinet.

8. The layout of the meeting room should make it clear through allocated seating and name plates the roles of participants and attendees. It is particularly important to be able to differentiate who is being scrutinised and who is scrutinising. And to make a clear distinction between politicians and officers or witnesses.

9. The involvement of the public should be reviewed. This could include a public question-time at each meeting, seeking public and wider community input into work programmes and consideration of broadcasting meetings through visual or audio means. There are a number of councils that have developed broadcasting techniques to make public access available.

10. Many members expressed a gap in their knowledge and skills relating to scrutiny and would value training and development. Our assessment suggests that general training of the essential principles and practice of scrutiny, questioning techniques and work programme planning were of particular value.

11. To lead change and improvement some tailored coaching/mentoring for individual chairs would be beneficial.

Acknowledgments and thank you

1. The Centre for Public Scrutiny (CfPS) was commissioned by Somerset County Council to advise and support an internal review on the effectiveness and impact of their current approach to overview and scrutiny.

2. The review was conducted on-site on in April 2019, with subsequent further desk research.

3. We would like to thank those elected scrutiny Members, Executive Members, and Officers who took part in interviews, survey and observations for their time, insights and honesty.

Appendix A – Survey Results

See attachment

Appendix B – Evidence gathering

Somerset County Council – Scrutiny Review – April 2019

Appendix B

Engagement schedule

Interviews Schedule
Jamie Jackson Deputy Strategic Manager Democratic Services
Sheila Collins, Director of Finance and 151 Officer
Scott Wooldridge – Monitoring Officer
Cllr Jane Lock, Leader of the Opposition and Children and Families Scrutiny Committee Member
Cllr Frances Nicholson, Cabinet Member for Children and Families
Pat Flaherty, Chief Executive
Stephen Chandler, Director of Adult Social Services, Lead Commissioner Adults and Health
Cllr Liz Leyshon, Deputy Leader of the Opposition and Place Scrutiny Committee Member
Cllr Hazel Prior-Sankey, Chair of Adults and Health Scrutiny Committee
Leigh Redman, Leader of the Labour Group and Chair of Children and Families Scrutiny
Cllr John Hunt, Independent Group Leader and Member of Place Scrutiny Committee
Paula Hewitt, Lead Director for Economic and Community Infrastructure & Director of Commissioning
Michele Cusack, Operations Director for Economic and Community Infrastructure
Julian Wooster, Director of Adult Social Services, Lead Commissioner Adults and Health

Scrutiny Committee Observations
Scrutiny for Policies and Place Committee
Scrutiny for Policies Adults and Health Committee
Scrutiny for Policies Children and Wellbeing Committee

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Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities

to

Contents

Ministerial Foreword

The role that overview and scrutiny can play in holding an authority's decision-makers to account makes it fundamentally important to the successful functioning of local democracy. Effective scrutiny helps secure the efficient delivery of public services and drives improvements within the authority itself. Conversely, poor scrutiny can be indicative of wider governance, leadership and service failure.

It is vital that councils and combined authorities know the purpose of scrutiny, what effective scrutiny looks like, how to conduct it and the benefits it can bring. This guidance aims to increase understanding in all four areas.

In writing this guidance, my department has taken close note of the House of Commons Select Committee report of December 2017, as well as the written and oral evidence supplied to that Committee. We have also consulted individuals and organisations with practical involvement in conducting, researching and supporting scrutiny.

It is clear from speaking to these practitioners that local and combined authorities with effective overview and scrutiny arrangements in place share certain key traits, the most important being a strong organisational culture. Authorities who welcome challenge and recognise the value scrutiny can bring reap the benefits. But this depends on strong commitment from the top - from senior members as well as senior officials.

Crucially, this guidance recognises that authorities have democratic mandates and are ultimately accountable to their electorates, and that authorities themselves are best-placed to know which scrutiny arrangements are most appropriate for their own individual circumstances.

I would, however, strongly urge all councils to cast a critical eye over their existing arrangements and, above all, ensure they embed a culture that allows overview and scrutiny to flourish.

Rishi Sunak MP
Minister for Local Government

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About this Guidance

Who the guidance is for
This document is aimed at local authorities and combined authorities in England to help them carry out their overview and scrutiny functions effectively. In particular, it provides advice for senior leaders, members of overview and scrutiny committees, and support officers.

Aim of the guidance
This guidance seeks to ensure local authorities and combined authorities are aware of the purpose of overview and scrutiny, what effective scrutiny looks like, how to conduct it effectively and the benefits it can bring.

As such, it includes a number of policies and practices authorities should adopt or should consider adopting when deciding how to carry out their overview and scrutiny functions.

The guidance recognises that authorities approach scrutiny in different ways and have different processes and procedures in place, and that what might work well for one authority might not work well in another.

The hypothetical scenarios contained in the annexes to this guidance have been included for illustrative purposes, and are intended to provoke thought and discussion rather than serve as a 'best' way to approach the relevant issues.

While the guidance sets out some of the key legal requirements, it does not seek to replicate legislation.

Status of the guidance
This is statutory guidance from the Ministry of Housing, Communities and Local Government. Local authorities and combined authorities must have regard to it when exercising their functions. The phrase 'must have regard', when used in this context, does not mean that the sections of statutory guidance have to be followed in every detail, but that they should be followed unless there is a good reason not to in a particular case.

Not every authority is required to appoint a scrutiny committee. This guidance applies to those authorities who have such a committee in place, whether they are required to or not.

This guidance has been issued under section 9Q of the Local Government Act 2000 and under paragraph 2(9) of Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009, which requires authorities to have regard to this guidance. In addition, authorities may have regard to other material they might choose to consider, including that issued by the Centre for Public Scrutiny, when exercising their overview and scrutiny functions.

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<u>Terminology</u>
Unless 'overview' is specifically mentioned, the term 'scrutiny' refers to both overview and scrutiny.[1]

Where the term 'authority' is used, it refers to both local authorities and combined authorities.

Where the term 'scrutiny committee' is used, it refers to an overview and scrutiny committee and any of its sub-committees. As the legislation refers throughout to powers conferred on scrutiny committees, that is the wording used in this guidance. However, the guidance should be seen as applying equally to work undertaken in informal task and finish groups, commissioned by formal committees.

Where the term 'executive' is used, it refers to executive members.

For combined authorities, references to the 'executive' or 'cabinet' should be interpreted as relating to the mayor (where applicable) and all the authority members.

For authorities operating committee rather than executive arrangements, references to the executive or Cabinet should be interpreted as relating to councillors in leadership positions.

<u>Expiry or review date</u>
This guidance will be kept under review and updated as necessary.

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[1] A distinction is often drawn between 'overview' which focuses on the development of policy, and 'scrutiny' which looks at decisions that have been made or are about to be made to ensure they are fit for purpose.

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1. Introduction and Context

1. Overview and scrutiny committees were introduced in 2000 as part of new executive governance arrangements to ensure that members of an authority who were not part of the executive could hold the executive to account for the decisions and actions that affect their communities.

2. Overview and scrutiny committees have statutory powers[2] to scrutinise decisions the executive is planning to take, those it plans to implement, and those that have already been taken/implemented. Recommendations following scrutiny enable improvements to be made to policies and how they are implemented. Overview and scrutiny committees can also play a valuable role in developing policy.

> Effective overview and scrutiny should:
> - Provide constructive 'critical friend' challenge;
> - Amplify the voices and concerns of the public;
> - Be led by independent people who take responsibility for their role; and
> - Drive improvement in public services.

3. The requirement for local authorities in England to establish overview and scrutiny committees is set out in sections 9F to 9FI of the Local Government Act 2000 as amended by the Localism Act 2011.

4. The Localism Act 2011 amended the Local Government Act 2000 to allow councils to revert to a non-executive form of governance - the 'committee system'. Councils who adopt the committee system are not required to have overview and scrutiny but may do so if they wish. The legislation has been strengthened and updated since 2000, most recently to reflect new governance arrangements with combined authorities. Requirements for combined authorities are set out in Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009.

5. Current overview and scrutiny legislation recognises that authorities are democratically-elected bodies who are best-placed to determine which overview and scrutiny arrangements best suit their own individual needs, and so gives them a great degree of flexibility to decide which arrangements to adopt.

6. In producing this guidance, the Government fully recognises both authorities' democratic mandate and that the nature of local government has changed in recent years, with, for example, the creation of combined authorities, and councils increasingly delivering key services in partnership with other organisations or outsourcing them entirely.

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[2] Section 9F of the Local Government Act 2000; paragraph 1 of Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009.

2. Culture

7. The prevailing organisational culture, behaviours and attitudes of an authority will largely determine whether its scrutiny function succeeds or fails.

8. While everyone in an authority can play a role in creating an environment conducive to effective scrutiny, it is important that this is led and owned by members, given their role in setting and maintaining the culture of an authority.

9. Creating a strong organisational culture supports scrutiny work that can add real value by, for example, improving policy-making and the efficient delivery of public services. In contrast, low levels of support for and engagement with the scrutiny function often lead to poor quality and ill-focused work that serves to reinforce the perception that it is of little worth or relevance.

10. Members and senior officers should note that the performance of the scrutiny function is not just of interest to the authority itself. Its effectiveness, or lack thereof, is often considered by external bodies such as regulators and inspectors, and highlighted in public reports, including best value inspection reports. Failures in scrutiny can therefore help to create a negative public image of the work of an authority as a whole.

How to establish a strong organisational culture

11. Authorities can establish a strong organisational culture by:

    a) **Recognising scrutiny's legal and democratic legitimacy** – all members and officers should recognise and appreciate the importance and legitimacy the scrutiny function is afforded by the law. It was created to act as a check and balance on the executive and is a statutory requirement for all authorities operating executive arrangements and for combined authorities.

    Councillors have a unique legitimacy derived from their being democratically elected. The insights that they can bring by having this close connection to local people are part of what gives scrutiny its value.

    b) **Identifying a clear role and focus** – authorities should take steps to ensure scrutiny has a clear role and focus within the organisation, i.e. a niche within which it can clearly demonstrate it adds value. Therefore, prioritisation is necessary to ensure the scrutiny function concentrates on delivering work that is of genuine value and relevance to the work of the wider authority – this is one of the most challenging parts of scrutiny, and a critical element to get right if it is to be recognised as a strategic function of the authority (see chapter 6).

    Authorities should ensure a clear division of responsibilities between the scrutiny function and the audit function. While it is appropriate for scrutiny to pay due regard to the authority's financial position, this will need to happen in the context of the formal audit role. The authority's section 151 officer should advise scrutiny on how to manage this dynamic.

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While scrutiny has no role in the investigation or oversight of the authority's whistleblowing arrangements, the findings of independent whistleblowing investigations might be of interest to scrutiny committees as they consider their wider implications. Members should always follow the authority's constitution and associated Monitoring Officer directions on the matter. Further guidance on whistleblowing can be found at:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/415175/bis-15-200-whistleblowing-guidance-for-employers-and-code-of-practice.pdf.

c) **Ensuring early and regular engagement between the executive and scrutiny** – authorities should ensure early and regular discussion takes place between scrutiny and the executive, especially regarding the latter's future work programme. Authorities should, though, be mindful of their distinct roles:

> In particular:
>
> - The executive should not try to exercise control over the work of the scrutiny committee. This could be direct, e.g. by purporting to 'order' scrutiny to look at, or not look at, certain issues, or indirect, e.g. through the use of the whip or as a tool of political patronage, and the committee itself should remember its statutory purpose when carrying out its work. All members and officers should consider the role the scrutiny committee plays to be that of a 'critical friend' not a de facto 'opposition'. Scrutiny chairs have a particular role to play in establishing the profile and nature of their committee (see chapter 4); and
>
> - The chair of the scrutiny committee should determine the nature and extent of an executive member's participation in a scrutiny committee meeting, and in any informal scrutiny task group meeting.

d) **Managing disagreement** – effective scrutiny involves looking at issues that can be politically contentious. It is therefore inevitable that, at times, an executive will disagree with the findings or recommendations of a scrutiny committee.

It is the job of both the executive and scrutiny to work together to reduce the risk of this happening, and authorities should take steps to predict, identify and act on disagreement.

One way in which this can be done is via an 'executive-scrutiny protocol' (see annex 1) which can help define the relationship between the two and mitigate any differences of opinion before they manifest themselves in unhelpful and unproductive ways. The benefit of this approach is that it provides a framework for disagreement and debate, and a way to manage it when it happens. Often,

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the value of such a protocol lies in the dialogue that underpins its preparation. It is important that these protocols are reviewed on a regular basis.

Scrutiny committees do have the power to 'call in' decisions, i.e. ask the executive to reconsider them before they are implemented, but should not view it as a substitute for early involvement in the decision-making process or as a party-political tool.

e) **Providing the necessary support** – while the level of resource allocated to scrutiny is for each authority to decide for itself, when determining resources an authority should consider the purpose of scrutiny as set out in legislation and the specific role and remit of the authority's own scrutiny committee(s), and the scrutiny function as a whole.

Support should also be given by members and senior officers to scrutiny committees and their support staff to access information held by the authority and facilitate discussions with representatives of external bodies (see chapter 5).

f) **Ensuring impartial advice from officers** – authorities, particularly senior officers, should ensure all officers are free to provide impartial advice to scrutiny committees. This is fundamental to effective scrutiny. Of particular importance is the role played by 'statutory officers' – the monitoring officer, the section 151 officer and the head of paid service, and where relevant the statutory scrutiny officer. These individuals have a particular role in ensuring that timely, relevant and high-quality advice is provided to scrutiny.

g) **Communicating scrutiny's role and purpose to the wider authority** – the scrutiny function can often lack support and recognition within an authority because there is a lack of awareness among both members and officers about the specific role it plays, which individuals are involved and its relevance to the authority's wider work. Authorities should, therefore, take steps to ensure all members and officers are made aware of the role the scrutiny committee plays in the organisation, its value and the outcomes it can deliver, the powers it has, its membership and, if appropriate, the identity of those providing officer support.

h) **Maintaining the interest of full Council in the work of the scrutiny committee** – part of communicating scrutiny's role and purpose to the wider authority should happen through the formal, public role of full Council – particularly given that scrutiny will undertake valuable work to highlight challenging issues that an authority will be facing and subjects that will be a focus of full Council's work. Authorities should therefore take steps to ensure full Council is informed of the work the scrutiny committee is doing.

One way in which this can be done is by reports and recommendations being submitted to full Council rather than solely to the executive. Scrutiny should decide when it would be appropriate to submit reports for wider debate in this way, taking into account the relevance of reports to full Council business, as well as full Council's capacity to consider and respond in a timely manner. Such

reports would supplement the annual report to full Council on scrutiny's activities and raise awareness of ongoing work.

In order to maintain awareness of scrutiny at the Combined Authority and provoke dialogue and discussion of its impact, the business of scrutiny should be reported to the Combined Authority board or to the chairs of the relevant scrutiny committees of constituent and non-constituent authorities, or both. At those chairs' discretion, particular Combined Authority scrutiny outcomes, and what they might mean for each individual area, could be either discussed by scrutiny in committee or referred to full Council of the constituent authorities.

i) **<u>Communicating scrutiny's role to the public</u>** – authorities should ensure scrutiny has a profile in the wider community. Consideration should be given to how and when to engage the authority's communications officers, and any other relevant channels, to understand how to get that message across. This will usually require engagement early on in the work programming process (see chapter 6).

j) **<u>Ensuring scrutiny members are supported in having an independent mindset</u>** – formal committee meetings provide a vital opportunity for scrutiny members to question the executive and officers.

Inevitably, some committee members will come from the same political party as a member they are scrutinising and might well have a long-standing personal, or familial, relationship with them (see paragraph 25).

Scrutiny members should bear in mind, however, that adopting an independent mind-set is fundamental to carrying out their work effectively. In practice, this is likely to require scrutiny chairs working proactively to identify any potentially contentious issues and plan how to manage them.

<u>Directly-elected mayoral systems</u>

12. A strong organisational culture that supports scrutiny work is particularly important in authorities with a directly-elected mayor to ensure there are the checks and balances to maintain a robust democratic system. Mayoral systems offer the opportunity for greater public accountability and stronger governance, but there have also been incidents that highlight the importance of creating and maintaining a culture that puts scrutiny at the heart of its operations.

13. Authorities with a directly-elected mayor should ensure that scrutiny committees are well-resourced, are able to recruit high-calibre members and that their scrutiny functions pay particular attention to issues surrounding:
    - rights of access to documents by the press, public and councillors;
    - transparent and fully recorded decision-making processes, especially avoiding decisions by 'unofficial' committees or working groups;
    - delegated decisions by the Mayor;
    - whistleblowing protections for both staff and councillors; and
    - powers of Full Council, where applicable, to question and review.

14. Authorities with a directly-elected mayor should note that mayors are required by law to attend overview and scrutiny committee sessions when asked to do so (see paragraph 44).

3. Resourcing

15. The resource an authority allocates to the scrutiny function plays a pivotal role in determining how successful that function is and therefore the value it can add to the work of the authority.

16. Ultimately it is up to each authority to decide on the resource it provides, but every authority should recognise that creating and sustaining an effective scrutiny function requires them to allocate resources to it.

17. Authorities should also recognise that support for scrutiny committees, task groups and other activities is not solely about budgets and provision of officer time, although these are clearly extremely important elements. Effective support is also about the ways in which the wider authority engages with those who carry out the scrutiny function (both members and officers).

> When deciding on the level of resource to allocate to the scrutiny function, the factors an authority should consider include:
> - Scrutiny's legal powers and responsibilities;
> - The particular role and remit scrutiny will play in the authority;
> - The training requirements of scrutiny members and support officers, particularly the support needed to ask effective questions of the executive and other key partners, and make effective recommendations;
> - The need for ad hoc external support where expertise does not exist in the council;
> - Effectively-resourced scrutiny has been shown to add value to the work of authorities, improving their ability to meet the needs of local people; and
> - Effectively-resourced scrutiny can help policy formulation and so minimise the need for call-in of executive decisions.

<u>Statutory scrutiny officers</u>
18. Combined authorities, upper and single tier authorities are required to designate a statutory scrutiny officer,[3] someone whose role is to:
   - promote the role of the authority's scrutiny committee;
   - provide support to the scrutiny committee and its members; and
   - provide support and guidance to members and officers relating to the functions of the scrutiny committee.

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[3] Section 9FB of the Local Government Act 2000; article 9 of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017

19. Authorities not required by law to appoint such an officer should consider whether doing so would be appropriate for their specific local needs.

Officer resource models

20. Authorities are free to decide for themselves which wider officer support model best suits their individual circumstances, though generally they adopt one or a mix of the following:

- Committee – officers are drawn from specific policy or service areas;
- Integrated – officers are drawn from the corporate centre and also service the executive; and
- Specialist – officers are dedicated to scrutiny.

21. Each model has its merits – the committee model provides service-specific expertise; the integrated model facilitates closer and earlier scrutiny involvement in policy formation and alignment of corporate work programmes; and the specialist model is structurally independent from those areas it scrutinises.

22. Authorities should ensure that, whatever model they employ, officers tasked with providing scrutiny support are able to provide impartial advice. This might require consideration of the need to build safeguards into the way that support is provided. The nature of these safeguards will differ according to the specific role scrutiny plays in the organisation.

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4. Selecting Committee Members

23. Selecting the right members to serve on scrutiny committees is essential if those committees are to function effectively. Where a committee is made up of members who have the necessary skills and commitment, it is far more likely to be taken seriously by the wider authority.

24. While there are proportionality requirements that must be met,[4] the selection of the chair and other committee members is for each authority to decide for itself. Guidance for combined authorities on this issue has been produced by the Centre for Public Scrutiny[5].

> Members invariably have different skill-sets. What an authority must consider when forming a committee is that, as a group, it possesses the requisite expertise, commitment and ability to act impartially to fulfil its functions.

25. Authorities are reminded that members of the executive cannot be members of a scrutiny committee.[6] Authorities should take care to ensure that, as a minimum, members holding less formal executive positions, e.g. as Cabinet assistants, do not sit on scrutinising committees looking at portfolios to which those roles relate. Authorities should articulate in their constitutions how conflicts of interest, including familial links (see also paragraph 31), between executive and scrutiny responsibilities should be managed, including where members stand down from the executive and move to a scrutiny role, and vice-versa.

26. Members or substitute members of a combined authority must not be members of its overview and scrutiny committee.[7] This includes the Mayor in Mayoral Combined Authorities. It is advised that Deputy Mayors for Policing and Crime are also not members of the combined authority's overview and scrutiny committee.

Selecting individual committee members

27. When selecting individual members to serve on scrutiny committees, an authority should consider a member's experience, expertise, interests, ability to act impartially, ability to work as part of a group, and capacity to serve.

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[4] See, for example, regulation 11 of the Local Authorities (Committee System) (England) Regulations 2012 (S.I. 2012/1020) and article 4 of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 (S.I. 2017/68).

[5] See pages 15-18 of 'Overview and scrutiny in combined authorities: a plain English guide': https://www.cfps.org.uk/wp-content/uploads/Overview-and-scrutiny-in-combined-authorities-a-plain-english-guide.pdf

[6] Section 9FA(3) of the Local Government Act 2000.

[7] 2(3) of Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009

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28. Authorities should not take into account a member's perceived level of support for or opposition to a particular political party (notwithstanding the wider legal requirement for proportionality referred to in paragraph 24).

<u>Selecting a chair</u>
29. The Chair plays a leadership role on a scrutiny committee as they are largely responsible for establishing its profile, influence and ways of working.

30. The attributes authorities should and should not take into account when selecting individual committee members (see paragraphs 27 and 28) also apply to the selection of the Chair, but the Chair should also possess the ability to lead and build a sense of teamwork and consensus among committee members.

> Chairs should pay special attention to the need to guard the committee's independence. Importantly, however, they should take care to avoid the committee being, and being viewed as, a de facto opposition to the executive.

31. Given their pre-eminent role on the scrutiny committee, it is strongly recommended that the Chair not preside over scrutiny of their relatives[8]. Combined authorities should note the legal requirements that apply to them where the Chair is an independent person[9].

32. The method for selecting a Chair is for each authority to decide for itself, however every authority should consider taking a vote by secret ballot. Combined Authorities should be aware of the legal requirements regarding the party affiliation of their scrutiny committee Chair[10].

<u>Training for committee members</u>
33. Authorities should ensure committee members are offered induction when they take up their role and ongoing training so they can carry out their responsibilities effectively. Authorities should pay attention to the need to ensure committee members are aware of their legal powers, and how to prepare for and ask relevant questions at scrutiny sessions.

34. When deciding on training requirements for committee members, authorities should consider taking advantage of opportunities offered by external providers in the sector.

<u>Co-option and technical advice</u>
35. While members and their support officers will often have significant local insight and an understanding of local people and their needs, the provision of outside expertise can be invaluable.

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[8] A definition of 'relative' can be found at section 28(10) of the Localism Act 2011.
[9] See article 5(2) of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 (S.I. 2017/68).
[10] Article 5(6) of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.

36. There are two principal ways to procure this:
   - Co-option – formal co-option is provided for in legislation[11]. Authorities must establish a co-option scheme to determine how individuals will be co-opted onto committees; and
   - Technical advisers – depending on the subject matter, independent local experts might exist who can provide advice and assistance in evaluating evidence (see annex 2).

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[11] Section 9FA(4) Local Government Act 2000

5. Power to Access Information

37. A scrutiny committee needs access to relevant information the authority holds, and to receive it in good time, if it is to do its job effectively.

38. This need is recognised in law, with members of scrutiny committees enjoying powers to access information[12]. In particular, regulations give enhanced powers to a scrutiny member to access exempt or confidential information. This is in addition to existing rights for councillors to have access to information to perform their duties, including common law rights to request information and rights to request information under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.

39. When considering what information scrutiny needs in order to carry out its work, scrutiny members and the executive should consider scrutiny's role and the legal rights that committees and their individual members have, as well as their need to receive timely and accurate information to carry out their duties effectively.

40. Scrutiny members should have access to a regularly available source of key information about the management of the authority – particularly on performance, management and risk. Where this information exists, and scrutiny members are given support to understand it, the potential for what officers might consider unfocused and unproductive requests is reduced as members will be able to frame their requests from a more informed position.

41. Officers should speak to scrutiny members to ensure they understand the reasons why information is needed, thereby making the authority better able to provide information that is relevant and timely, as well as ensuring that the authority complies with legal requirements.

> While each request for information should be judged on its individual merits, authorities should adopt a default position of sharing the information they hold, on request, with scrutiny committee members.

42. The law recognises that there might be instances where it is legitimate for an authority to withhold information and places a requirement on the executive to provide the scrutiny committee with a written statement setting out its reasons for that decision[13]. However, members of the executive and senior officers should take particular care to avoid refusing requests, or limiting the information they provide, for reasons of party political or reputational expediency.

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[12] Regulation 17 - Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012; article 10 Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.
[13] Regulation 17(4) – Local Government (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012; article 10(4) Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.

> Before an authority takes a decision not to share information it holds, it should give serious consideration to whether that information could be shared in closed session.

43. Regulations already stipulate a timeframe for executives to comply with requests from a scrutiny member[14]. When agreeing to such requests, authorities should:
   - consider whether seeking clarification from the information requester could help better target the request; and
   - Ensure the information is supplied in a format appropriate to the recipient's needs.

44. Committees should be aware of their legal power to require members of the executive and officers to attend before them to answer questions[15]. It is the duty of members and officers to comply with such requests.[16]

Seeking information from external organisations

45. Scrutiny members should also consider the need to supplement any authority-held information they receive with information and intelligence that might be available from other sources, and should note in particular their statutory powers to access information from certain external organisations.

46. When asking an external organisation to provide documentation or appear before it, and where that organisation is not legally obliged to do either (see annex 3), scrutiny committees should consider the following:

   a) **The need to explain the purpose of scrutiny** – the organisation being approached might have little or no awareness of the committee's work, or of an authority's scrutiny function more generally, and so might be reluctant to comply with any request;

   b) **The benefits of an informal approach** – individuals from external organisations can have fixed perceptions of what an evidence session entails and may be unwilling to subject themselves to detailed public scrutiny if they believe it could reflect badly on them or their employer. Making an informal approach can help reassure an organisation of the aims of the committee, the type of information being sought and the manner in which the evidence session would be conducted;

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[14] Regulation 17(2) – Local Government (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012; article 10(2) Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.
[15] Section 9FA(8) of the Local Government Act 2000; paragraph 2(6) of Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009.
[16] Section 9FA(9) of the Local Government Act 2000; paragraph 2(7) of Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009.

c) **How to encourage compliance with the request** – scrutiny committees will want to frame their approach on a case by case basis. For contentious issues, committees might want to emphasise the opportunity their request gives the organisation to 'set the record straight' in a public setting; and

d) **Who to approach** – a committee might instinctively want to ask the Chief Executive or Managing Director of an organisation to appear at an evidence session, however it could be more beneficial to engage front-line staff when seeking operational-level detail rather than senior executives who might only be able to talk in more general terms. When making a request to a specific individual, the committee should consider the type of information it is seeking, the nature of the organisation in question and the authority's pre-existing relationship with it.

> Following 'the Council Pound'
> Scrutiny committees will often have a keen interest in 'following the council pound', i.e. scrutinising organisations that receive public funding to deliver goods and services.
>
> Authorities should recognise the legitimacy of this interest and, where relevant, consider the need to provide assistance to scrutiny members and their support staff to obtain information from organisations the council has contracted to deliver services. In particular, when agreeing contracts with these bodies, authorities should consider whether it would be appropriate to include a *requirement* for them to supply information to or appear before scrutiny committees.

6. Planning Work

47. Effective scrutiny should have a defined impact on the ground, with the committee making recommendations that will make a tangible difference to the work of the authority. To have this kind of impact, scrutiny committees need to plan their work programme, i.e. draw up a long-term agenda and consider making it flexible enough to accommodate any urgent, short-term issues that might arise during the year.

48. Authorities with multiple scrutiny committees sometimes have a separate work programme for each committee. Where this happens, consideration should be given to how to co-ordinate the various committees' work to make best use of the total resources available.

Being clear about scrutiny's role

49. Scrutiny works best when it has a clear role and function. This provides focus and direction. While scrutiny has the power to look at anything which affects 'the area, or the area's inhabitants', authorities will often find it difficult to support a scrutiny function that carries out generalised oversight across the wide range of issues experienced by local people, particularly in the context of partnership working. Prioritisation is necessary, which means that there might be things that, despite being important, scrutiny will not be able to look at.

50. Different overall roles could include having a focus on risk, the authority's finances, or on the way the authority works with its partners.

51. Applying this focus does not mean that certain subjects are 'off limits'. It is more about looking at topics and deciding whether their relative importance justifies the positive impact scrutiny's further involvement could bring.

52. When thinking about scrutiny's focus, members should be supported by key senior officers. The statutory scrutiny officer, if an authority has one, will need to take a leading role in supporting members to clarify the role and function of scrutiny, and championing that role once agreed.

Who to speak to

53. Evidence will need to be gathered to inform the work programming process. This will ensure that it looks at the right topics, in the right way and at the right time. Gathering evidence requires conversations with:

- *The public* – it is likely that formal 'consultation' with the public on the scrutiny work programme will be ineffective. Asking individual scrutiny members to have conversations with individuals and groups in their own local areas can work better. Insights gained from the public through individual pieces of scrutiny work can be fed back into the work programming process. Listening to and participating in conversations in places where local people come together, including in online forums, can help authorities engage people on their own terms and yield more positive results.

Authorities should consider how their communications officers can help scrutiny engage with the public, and how wider internal expertise and local knowledge from both members and officers might make a contribution.

- *The authority's partners* – relationships with other partners should not be limited to evidence-gathering to support individual reviews or agenda items. A range of partners are likely to have insights that will prove useful:
  - o Public sector partners (like the NHS and community safety partners, over which scrutiny has specific legal powers);
  - o Voluntary sector partners;
  - o Contractors and commissioning partners (including partners in joint ventures and authority-owned companies);
  - o In parished areas, town, community and parish councils;
  - o Neighbouring principal councils (both in two-tier and unitary areas);
  - o Cross-authority bodies and organisations, such as Local Enterprise Partnerships[17]; and
  - o Others with a stake and interest in the local area – large local employers, for example.

- *The executive* – a principal partner in discussions on the work programme should be the executive (and senior officers). The executive should not direct scrutiny's work (see chapter 2), but conversations will help scrutiny members better understand how their work can be designed to align with the best opportunities to influence the authority's wider work.

Information sources

54. Scrutiny will need access to relevant information to inform its work programme. The type of information will depend on the specific role and function scrutiny plays within the authority, but might include:
- Performance information from across the authority and its partners;
- Finance and risk information from across the authority and its partners;
- Corporate complaints information, and aggregated information from political groups about the subject matter of members' surgeries;
- Business cases and options appraisals (and other planning information) for forthcoming major decisions. This information will be of particular use for pre-decision scrutiny; and
- Reports and recommendations issued by relevant ombudsmen, especially the Local Government and Social Care Ombudsman.

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[17] Authorities should ensure they have appropriate arrangements in place to ensure the effective democratic scrutiny of Local Enterprise Partnerships' investment decisions.

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> As committees can meet in closed session, commercial confidentiality should not preclude the sharing of information. Authorities should note, however, that the default for meetings should be that they are held in public (see 2014 guidance on '*Open and accountable local government*':
> https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/343182/140812_Openness_Guide.pdf).

55. Scrutiny members should consider keeping this information under regular review. It is likely to be easier to do this outside committee, rather than bringing such information to committee 'to note', or to provide an update, as a matter of course.

Shortlisting topics

> Approaches to shortlisting topics should reflect scrutiny's overall role in the authority. This will require the development of bespoke, local solutions, however when considering whether an item should be included in the work programme, the kind of questions a scrutiny committee should consider might include:
> - Do we understand the benefits scrutiny would bring to this issue?
> - How could we best carry out work on this subject?
> - What would be the best outcome of this work?
> - How would this work engage with the activity of the executive and other decision-makers, including partners?

56. Some authorities use scoring systems to evaluate and rank work programme proposals. If these are used to provoke discussion and debate, based on evidence, about what priorities should be, they can be a useful tool. Others take a looser approach. Whichever method is adopted, a committee should be able to justify how and why a decision has been taken to include certain issues and not others.

57. Scrutiny members should accept that shortlisting can be difficult; scrutiny committees have finite resources and deciding how these are best allocated is tough. They should understand that, if work programming is robust and effective, there might well be issues that they want to look at that nonetheless are not selected.

Carrying out work

58. Selected topics can be scrutinised in several ways, including:

a) **As a single item on a committee agenda** – this often presents a limited opportunity for effective scrutiny, but may be appropriate for some issues or where the committee wants to maintain a formal watching brief over a given issue;

b) **At a single meeting** – which could be a committee meeting or something less formal. This can provide an opportunity to have a single public meeting about a

given subject, or to have a meeting at which evidence is taken from a number of witnesses;

c) **At a task and finish review of two or three meetings** – short, sharp scrutiny reviews are likely to be most effective even for complex topics. Properly focused, they ensure members can swiftly reach conclusions and make recommendations, perhaps over the course of a couple of months or less;

d) **Via a longer-term task and finish review** – the 'traditional' task and finish model – with perhaps six or seven meetings spread over a number of months – is still appropriate when scrutiny needs to dig into a complex topic in significant detail. However, the resource implications of such work, and its length, can make it unattractive for all but the most complex matters; and

e) **By establishing a 'standing panel'** – this falls short of establishing a whole new committee but may reflect a necessity to keep a watching brief over a critical local issue, especially where members feel they need to convene regularly to carry out that oversight. Again, the resource implications of this approach means that it will be rarely used.

7. Evidence Sessions

59. Evidence sessions are a key way in which scrutiny committees inform their work. They might happen at formal committee, in less formal 'task and finish' groups or at standalone sessions.

> Good preparation is a vital part of conducting effective evidence sessions. Members should have a clear idea of what the committee hopes to get out of each session and appreciate that success will depend on their ability to work together on the day.

How to plan

60. Effective planning does not necessarily involve a large number of pre-meetings, the development of complex scopes or the drafting of questioning plans. It is more often about setting overall objectives and then considering what type of questions (and the way in which they are asked) can best elicit the information the committee is seeking. This applies as much to individual agenda items as it does for longer evidence sessions – there should always be consideration in advance of what scrutiny is trying to get out of a particular evidence session.

> Chairs play a vital role in leading discussions on objective-setting and ensuring all members are aware of the specific role each will play during the evidence session.

61. As far as possible there should be consensus among scrutiny members about the objective of an evidence session before it starts. It is important to recognise that members have different perspectives on certain issues, and so might not share the objectives for a session that are ultimately adopted. Where this happens, the Chair will need to be aware of this divergence of views and bear it in mind when planning the evidence session.

62. Effective planning should mean that at the end of a session it is relatively straightforward for the chair to draw together themes and highlight the key findings. It is unlikely that the committee will be able to develop and agree recommendations immediately, but, unless the session is part of a wider inquiry, enough evidence should have been gathered to allow the chair to set a clear direction.

63. After an evidence session, the committee might wish to hold a short 'wash-up' meeting to review whether their objectives were met and lessons could be learned for future sessions.

Developing recommendations

64. The development and agreement of recommendations is often an iterative process. It will usually be appropriate for this to be done only by members, assisted by co-optees where relevant. When deciding on recommendations, however, members should have due regard to advice received from officers, particularly the Monitoring Officer.

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65. The drafting of reports is usually, but not always, carried out by officers, directed by members.

66. Authorities draft reports and recommendations in a number of ways, but there are normally three stages:

    i.   the development of a 'heads of report' – a document setting out general findings that members can then discuss as they consider the overall structure and focus of the report and its recommendations;

    ii.   the development of those findings, which will set out some areas on which recommendations might be made; and

    iii. the drafting of the full report.

67. Recommendations should be evidence-based and SMART, i.e. specific, measurable, achievable, relevant and timed. Where appropriate, committees may wish to consider sharing them in draft with interested parties.

68. Committees should bear in mind that often six to eight recommendations are sufficient to enable the authority to focus its response, although there may be specific circumstances in which more might be appropriate.

> Sharing draft recommendations with executive members should not provide an opportunity for them to revise or block recommendations before they are made. It should, however, provide an opportunity for errors to be identified and corrected, and for a more general sense-check.

Annex 1: Illustrative Scenario – Creating an Executive-Scrutiny Protocol

An executive-scrutiny protocol can deal with the practical expectations of scrutiny committee members and the executive, as well as the cultural dynamics.

Workshops with scrutiny members, senior officers and Cabinet can be helpful to inform the drafting of a protocol. An external facilitator can help bring an independent perspective.

Councils should consider how to adopt a protocol, e.g. formal agreement at scrutiny committee and Cabinet, then formal integration into the Council's constitution at the next Annual General Meeting.

The protocol, as agreed, may contain sections on:

- The way scrutiny will go about developing its work programme (including the ways in which senior officers and Cabinet members will be kept informed);
- The way in which senior officers and Cabinet will keep scrutiny informed of the outlines of major decisions as they are developed, to allow for discussion of scrutiny's potential involvement in policy development. This involves the building in of safeguards to mitigate risks around the sharing of sensitive information with scrutiny members;
- A strengthening and expansion of existing parts of the code of conduct that relate to behaviour in formal meetings, and in informal meetings;
- Specification of the nature and form of responses that scrutiny can expect when it makes recommendations to the executive, when it makes requests to the executive for information, and when it makes requests that Cabinet members or senior officers attend meetings; and
- Confirmation of the role of the statutory scrutiny officer, and Monitoring Officer, in overseeing compliance with the protocol, and ensuring that it is used to support the wider aim of supporting and promoting a culture of scrutiny, with matters relating to the protocol's success being reported to full Council through the scrutiny Annual Report.

Annex 2: Illustrative Scenario – Engaging Independent Technical Advisers

This example demonstrates how one Council's executive and scrutiny committee worked together to scope a role and then appoint an independent adviser on transforming social care commissioning. Their considerations and process may be helpful and applicable in other similar scenarios.

Major care contracts were coming to an end and the Council took the opportunity to review whether to continue with its existing strategic commissioning framework, or take a different approach – potentially insourcing certain elements.

The relevant Director was concerned about the Council's reliance on a very small number of large providers. The Director therefore approached the Scrutiny and Governance Manager to talk through the potential role scrutiny could play as the Council considered these changes.

The Scrutiny Chair wanted to look at this issue in some depth, but recognised its complexity could make it difficult for her committee to engage – she was concerned it would not be able to do the issue justice. The Director offered support from his own officer team, but the Chair considered this approach to be beset by risks around the independence of the process.

She talked to the Director about securing independent advice. He was worried that an independent adviser could come with preconceived ideas and would not understand the Council's context and objectives. The Scrutiny Chair was concerned that independent advice could end up leading to scrutiny members being passive, relying on an adviser to do their thinking for them. They agreed that some form of independent assistance would be valuable, but that how it was provided and managed should be carefully thought out.

With the assistance of the Governance and Scrutiny Manager, the Scrutiny Chair approached local universities and Further Education institutions to identify an appropriate individual. The approach was clear – it set out the precise role expected of the adviser, and explained the scrutiny process itself. Because members wanted to focus on the risks of market failure, and felt more confident on substantive social care matters, the approach was directed at those with a specialism in economics and business administration. The Council's search was proactive – the assistance of the service department was drawn on to make direct approaches to particular individuals who could carry out this role.

It was agreed to make a small budget available to act as a 'per diem' to support an adviser; academics were approached in the first instance as the Council felt able to make a case that an educational institution would provide this support for free as part of its commitment to Corporate Social Responsibility.

Three individuals were identified from the Council's proactive search. The Chair and Vice-Chair of the committee had an informal discussion with each – not so much to establish their skills and expertise (which had already been assessed) but to give a sense about

their 'fit' with scrutiny's objectives and their political nous in understanding the environment in which they would operate, and to satisfy themselves that they will apply themselves even-handedly to the task. The Director sat in on this process but played no part in who was ultimately selected.

The independent advice provided by the selected individual gave the Scrutiny Committee a more comprehensive understanding of the issue and meant it was able to offer informed advice on the merits of putting in place a new strategic commissioning framework.

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Annex 3: Illustrative Scenario – Approaching an External Organisation to Appear before a Committee

This example shows how one council ensured a productive scrutiny meeting, involving a private company and the public. Lessons may be drawn and apply to other similar scenarios.

Concerns had been expressed by user groups, and the public at large, about the reliability of the local bus service. The Scrutiny Chair wanted to question the bus company in a public evidence session but knew that she had no power to compel it to attend. Previous attempts to engage it had been unsuccessful; the company was not hostile, but said it had its own ways of engaging the public.

The Monitoring Officer approached the company's regional PR manager, but he expressed concern that the session would end in a 'bunfight'. He also explained the company had put their improvement plan in the public domain, and felt a big council meeting would exacerbate tensions.

Other councillors had strong views about the company – one thought the committee should tell the company it would be empty-chaired if it refused to attend. The Scrutiny Chair was sympathetic to this, but thought such an approach would not lead to any improvements.

The Scrutiny Chair was keen to make progress, but it was difficult to find the right person to speak to at the company, so she asked council officers and local transport advocacy groups for advice. Speaking to those people also gave her a better sense of what scrutiny's role might be.

When she finally spoke to the company's network manager, she explained the situation and suggested they work together to consider how the meeting could be productive for the Council, the company and local people. In particular, this provided her with an opportunity to explain scrutiny and its role. The network manager remained sceptical but was reassured that they could work together to ensure that the meeting would not be an 'ambush'. He agreed in principle to attend and also provide information to support the Committee's work beforehand.

Discussions continued in the four weeks leading up to the Committee meeting. The Scrutiny Chair was conscious that while she had to work with the company to ensure that the meeting was constructive – and secure their attendance – it could not be a whitewash, and other members and the public would demand a hard edge to the discussions.

The scrutiny committee agreed that the meeting would provide a space for the company to provide context to the problems local people are experiencing, but that this would be preceded by a space on the agenda for the Chair, Vice-chair, and representatives from two local transport advocacy groups to set out their concerns. The company were sent in

advance a summary of the general areas on which members were likely to ask questions, to ensure that those questions could be addressed at the meeting.

Finally, provision was made for public questions and debate. Those attending the meeting were invited to discuss with each other the principal issues they wanted the meeting to cover. A short, facilitated discussion in the room led by the Chair highlighted the key issues, and the Chair then put those points to the company representatives.

At the end of the meeting, the public asked questions of the bus company representative in a 20-minute plenary item.

The meeting was fractious, but the planning carried out to prepare for this – by channelling issues through discussion and using the Chair to mediate the questioning – made things easier. Some attendees were initially frustrated by this structure, but the company representative was more open and less defensive than might otherwise have been the case.

The meeting also motivated the company to revise its communications plan to become more responsive to this kind of challenge, part of which involved a commitment to feed back to the scrutiny committee on the recommendations it made on the night.

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Management of Risk Pathway
Cabinet Member(s): Cllr Mandy Chilcott - Cabinet Member for Resources
Local Member(s) and Division: All
Lead Officer: Sheila Collins, Interim Director Finance
Author: Pam Pursley, Strategic Risk Manager
Contact Details: ppursley@somerset.gov.uk

1. Summary / Background

1.1. The Management of Risk Pathway documents consist of a suite of documents i.e. Strategy, Policy and Process. The Council's current Management of Risk documents have been updated reflecting changes to the working practices of the Council.

1.2. Risk Management is an integral part of good governance to which the Council is committed. Risk Management provides the framework and processes that enable the Council to manage uncertainty in a systematic way. As part of the Risk Management arrangements the Council reviews the Strategy, Policy and Process documents on an annual basis.

The Chief Executive is the owner of the risk management process with responsibility delegated to the Director of Finance/Section 151 officer. The Member Risk Champion is the Cabinet member for Resources. Cabinet members are required to agree annually the documentation is fit for purpose and approve adoption as a key management process.

2. Recommendations

2.1. Cabinet is asked to endorse the Management of Risk Pathway documents and recommend approval and adoption as part of the Council's Governance arrangements.

3. Reasons for recommendations

3.1 The Accounts and Audit Regulations 2015 require the Council to have in place effective arrangements for the management of risk. These arrangements are reviewed each year and reported as part of the Annual Governance Statement (AGS).

4. Other options considered

4.1. None

5. Links to County Vision, Business Plan and Medium-Term Financial Strategy

5.1. Good risk management underpins everything we do, particularly delivery of the

Councils Business Plan and the Medium Term Financial Plan

6. Consultations and co-production

6.1. The Management of Risk Pathway documents have been endorsed by the Strategic Risk Management Group (SRMG), Governance Board and SLT

7. Financial and Risk Implications

7.1. There are no financial implications around this non-key decision

7.2. The risk associated with this non-key decision would be if final approval and adoption of the Pathway documents was not agreed. Although not a statutory function on its own, Risk Management is integral to many of the statutory policies across the services of the council. There are financial implications to not having an up to date risk management strategy and policy in place.

| Likelihood | 2 | Impact | 4 | Risk Score | 8 |

8. Legal and HR Implications

8.1. There are no legal implications of the recommendations.

8.2. There are no HR implications.

9. Other Implications

9.1. Equalities Implications

There are no impacts associated with this decision.

9.2. Community Safety Implications

There are no Community Safety Implications.

9.3. Sustainability Implications

There are no Sustainability implications.

9.4. Health and Safety Implications

There are no Health and Safety implications.

9.5. Health and Wellbeing Implications

There are no Health and Wellbeing implications.

9.6. Social Value

N/A

10. Scrutiny comments / recommendations:

10.1. The proposed decision has not been considered by a Scrutiny Committee.

11. Background

11.1. The Risk Management Pathway documentation has been created to support the Council in the effective management of risk. These documents include:
1. Management of Risk Strategy Pathway
2. Management of Risk Policy Pathway
3. Management of Risk Process Pathway

Somerset County Council seek to provide assurance to all our stakeholders that the identification and management of risk plays a key role in the delivery of our strategy and related objectives.

The Council will involve, empower and give ownership to all staff in the identification and management of risk. Management of risk activity will be regularly supported through discussion and appropriate action by senior management. Through review and confirmation of the significant risks, evaluating their mitigation strategies and establishing supporting actions to be taken to reduce the risk to an acceptable level.

The management of risk is an integral part of both strategic and operational planning. The risk team are available to support officers and senior managers with guidance and expertise.

11.2. The Councils Risk Management Strategy has been up-dated to reflect the following changes that the Pathway documents have compared to previous policy:

Corporate Direction:
- Addition: SLT are required to create a shared understanding of the risk appetite expressed as opportunity and risk, across the Council's functions in delivering its priorities and outcomes. This is to support the Council in effecting change and embracing new opportunities whilst protecting the Council with effective risk analysis. The Risk team will be responsible for supporting SLT, communicating with them to offer expertise and guidance as required.
- Addition: SLT to document and prioritize an overall assessment of the range of opportunities and identify the level of risk which is judged to be tolerable, affordable and justifiable to the Council.

Infrastructure:
- Update: The Director, Economic and Community Infrastructure Commissioning is the chair of the Strategic Risk Management Group (SRMG). The Strategic Risk Management Group is senior managers who meet to review the risks faced by the Council, to review the risk register

and to escalate issues or suggestions for change to SLT.

Resources:

- Update: The Director, Economic and Community Infrastructure Commissioning is the chair of the Strategic Risk Management Group (SRMG).
- Addition: Individual Directors to identify Risk Champions from their business areas (Senior admin/business support officers) who will be tasked with assisting managers with the management and review of risks. The Risk manager will be responsible for communicating with these individuals and there is a proposal to introduce meetings for risk champions to discuss risk as a group using the guidance and / or with the Risk team.
- Update: SLT agree that greater collaboration between Strategic Risk Management, Civil and Emergency Planning, performance management and the financial process is required.

11.3. Changes to risk Policy

The risk policy has been amended to reflect recommendations in the SWAP Audit report published in July 2019; alongside other routine up-dates as set out below:

- SWAP recommended a revision to the explanation of the key risk terms: Avoid, Reduce, Transfer, Share, Accept, and these have been explained in the risk Policy.
- JCAD is the Councils risk management system and this has been amended such that printed reports now include a retention date on printed risk registers.
- The Policy document includes the 'Three Lines of Defence' model which is the concept for helping to identify and understand the different contributions various sources of assurance can provide. This has been amended to move the Strategic Risk Management into the "second Line of defence" on the diagram – which emphasises the role that all members of staff within the Council have for risk management.
- The risk escalation section has been updated with tables that explain the risk escalation process. The aim is to support staff so that they can recognise where they may need support and where they will need senior leadership sign off.
- In terms of risk reporting timescales, the Policy and process of the recording and management of 'Low' (green) risks has been up-dated so that green risks do not need to be entered onto JCAD Core unless the service feels it is necessary. However, they must still be recorded by the service but this can be done in the services Commissioning/Service Plan template.

11.4. Changes to Risk Process

The Process Pathway is a refresh of the previous process document.

Additions: The document has had diagrams, screen shots and tables added to

it to enhance understanding.

Risk Treatment.
New: Issue Management is not covered in the suite of Pathway documents. If a risk does indeed materialise then immediate management action needs to be taken to resolve any escalation in additional risk or undesirable impact on the Council.

Where appropriate, contingency, containment, crisis, incident and continuity management arrangements should be developed and communicated to support resilience and recovery if risks crystallise. Contact the Civil Contingencies Unit for advice and assistance with Business Continuity Planning.

12. Background Papers

12.1. None

<u>Report Sign-Off</u>

		Signed-off
Legal Implications	Honor Clarke	29/10/19
Governance	Scott Woodridge	29/10/19
Corporate Finance	Sheila Collins	31/10/19
Human Resources	Chris Squire	30/10/19
Property	Paula Hewitt / Claire Lovett	24/10/19
Procurement / ICT	Simon Clifford	30/10/19
Senior Manager	Sheila Collins	31/10/19
Commissioning Development	Ryszard Rusinek	29/10/19
Local Member	Cllr David Hall	09/12/19
Cabinet Member	Cllr Mandy Chilcott - Cabinet Member for Resources	31/10/19
Opposition Spokesperson	Cllr Jane Lock	
Scrutiny Chair	Cllr Anna Groskop - Place Scrutiny	

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Management of Risk Policy Pathway

2019

Senior Responsible Owner	P Flaherty, CEO	1st October 2019
Author	P Pursley, Strategic Risk Manager	September 2019
Quality Assurance	Strategic Risk Management Group	September 2019
	Governance Board	September 2019
Final copy sign off	Senior Leadership Team	1st October 2019
Adopted into the business	Cabinet	December 2019

Improving Lives

SOMERSET
County Council

Pathway

INTRODUCTION

This risk management Policy and supporting documentation supports the Council in the effective management of its risk. In implementing our Management of Risk Pathway, of which this document is a part, we seek to provide assurance to all our stakeholders that the identification and management of risk plays a key role in the delivery of our strategy and related objectives.

The Council will involve, empower and give ownership to all our staff in the identification and management of risk. Management of risk activity will be regularly supported through discussion and appropriate action by senior management. This will include a thorough review and confirmation of the significant risks, those with a current score of 16 or more, evaluating their mitigation strategies and establishing supporting actions to be taken to reduce them to an acceptable level.

Though this policy the management of risk will be an integral part of both strategic and operational planning.

Risk management processes shall be structured to include:
- Risk identification and assessment to determine and prioritise how the risks should be managed;
- The selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level;
- The design and operation of integrated, insightful and informative risk monitoring and
- Timely accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.
- Risk management shall be an essential part of **governance and leadership**, and fundamental to how the organisation is directed, managed and controlled at all levels.
- Risk management shall be an **integral** part of all organisational activities to support decision-making in achieving objective.
- Risk management shall be **collaborative and informed** by the best available information.
- Risk management shall be **continually improved** through learning and experience

The Purpose of the risk management policy

1.1.1 This policy is intended to provide a framework for the management of risk and to increase overall awareness of risk throughout the council. The policy is to

3

denotes an update or addition to the policy and process

empower and enable managers and those responsible for risk reporting, to better identify, assess and control risks within their areas

This risk management policy is a formal acknowledgement of the commitment of the Council to managing its risks. This policy statement will include:

- What is not covered by this policy
- The rationale for risk management
- Roles and Responsibilities of employees
- Arrangements for embedding risk management
- Sign off by CEO.

This Policy is integral to many of the Councils documents, including:
- Corporate Governance Framework
- Annual Governance Statement
- Medium Term Financial Plan (MTFP)
- Value for Money Strategy
- Healthy Organization
- Performance Management Framework
- Strategic and Service Planning
- Commissioning Gateway
- Corporate Business Continuity Plan
- Health & Safety Policy
- Information Governance

What isn't covered by this policy
This policy does not cover:
- The day to day risks around safeguarding or care of vulnerable individual children or adults. Local arrangements and policies will be in place for these types of risks.
- The threats that are covered by the Councils Health & Safety Policy.

The rationale for risk management
Risk management is a vital activity that both underpins and forms part of our vision, values and strategic objectives, including those of operating effectively and efficiently as well as providing confidence to our community. Risk is present in everything we do, and it is therefore our policy to identify, assess and manage the key areas of risk on a pro-active basis.

The Council's risk management aims are
1. To be proactive and ensure risks are identified early and managed effectively
2. To ensure the council is risk aware not risk averse

4

denotes an update or addition to the policy and process

3. To enable the council to invest in risk prevention
4. To ensure that the council's policies, strategies, service planning, financial planning and management and its decisions making process consider risks and the appropriate mitigations
5. To acknowledge that talking about risk does not stop innovation or the things we need to do

The Council's risk management objectives are:
1. Establishing clear roles, responsibilities and reporting lines for risk management across the Council

2. Developing, documenting and implementing an approach to risk management that is consistent with current best practice and embraces all forms of service delivery, including collaborative arrangements

3. Raising and maintaining awareness of risk management with elected members, staff, partners, providers and contractors to develop a common understanding of the Council's expectations with regard to risk management

4. Integrating risk management with corporate, service and other business and financial planning processes

5. Providing a robust and systematic framework for identifying, managing, responding to and monitoring risk

6. Managing risk to an acceptable level through appropriate mitigations and prioritising the use of its available resources

7. Providing assurance, through risk reporting, of a robust management system for evidencing appropriate risk management

8. Using risk management key performance indicators to measure the effectiveness of risk management activities and the implementation of this policy

9. Benchmarking our risk management performance by reference to the CIPFA/ALARM risk management maturity model, and defining an acceptable level of performance

By having in place an effective process for managing threats and a clear escalation process that ensures problems will be dealt with at an early stage before they become a potentially significant issue. The Council also recognises, however, that risk management is about exploiting opportunities as it is about managing threats, whilst recognising that risks are inherent in all that we do. A full risk assessment should be conducted to assess the level of risk versus the opportunity to be gained. Risks need to be managed rather than avoided, and consideration of risk should not stifle innovation. In some cases, the Council may wish to accept a relatively high level of risk because the benefits of the action outweigh the risk or disadvantages on the basis that the risk will be well managed.

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MANAGEMENT of RISK PROCESS PATHWAY

This Policy cross-references to the Management of Risk Process Pathway document which, describes the terms and steps to the identification of business risks and when the process will be applied.

Risk Assessment Matrix
The risk assessment matrix is a 5 x 5 grid that guides users through the priority scoring of individual risks and therefore which risks need to be managed via JCAD. See Appendix A for the amended Risk Assessment Matrix.

Risk Response

Risks that are important and/or urgent enough to warrant investigation in action must be responded to in the optimal way. Risk response planning enables a range of response options to be considered.

- **Terminate**: Remove the cause of the threat, cease activity
- **Treat**: Put in place mitigation to reduce the likelihood or impact, making it less likely to have a severe impact on the Council if it materialized
- **Transfer** the risk: Pass the whole risk to a third party
- **Tolerate** the risk: The Council accepts the chance the risk may occur but has the resources/capacity to deal with it if it did.

JCAD Core®™
JCAD is the Councils risk management system for recording, monitoring and reviewing those risks that require a management response. The Risk Assessment Matrix (Appendix A) sets out the Councils appetite for the recording of risks in JCAD. **Managers note: any risk report generated from JCAD has a retention period of six years from the date printed on the report.** Risk assessments are necessary for the following;

Service Area	Recording mechanism	Responsibility lies with ...
BAU: Service Planning risks, Service lead project risks, Commissioning & Procurement risks Risks from Key decisions	JCAD	**Individual Strategic & Service Managers** to identify risks, appropriate owners, current and new controls. To review regularly and update when prompted. **Senior Risk Owner:** To ensure controls

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Service Area	Recording mechanism	Responsibility lies with …
		are being managed to have a positive effect on the risk. And is responsible for the update of the "Current Score" at each review.
Strategic Risks	JCAD	**All Corporate Directors** with assistance of the Strategic Risk Manager. Identify existing and new controls with appropriate owners.
Corporate Programme & projects inc. Business Change and Innovation projects	JCAD	Programme & Project officers/managers to identify risks, appropriate owners, current and new controls.
Internal Audit Partial Recommendations	JCAD	Strategic & Service Managers.

Notifications: An automatic notification timeline is established once a record has been created in JCAD. This generates an email reminder to the risk / and or control owner when a review is due. If the review does not take place, repeat emails will be sent fortnightly until reviews have been completed.

Controls: You are required to identify the existing control measures for each risk, if this does not provide adequate assurance then new controls will need to be added. All need to be recorded in JCAD, existing controls do not need further monitoring, so ownership & review dates are not necessary. Newly identified controls do need an individual owner who is responsible for the regular monitoring and review of the control, a maximum of a quarterly review period to coincide with the date of the review by the Senior Risk Owner (SRO).

Senior Risk Owner: Each risk must have an individual Senior Risk Owner. For Strategic Risks this will be a Director for BAU risks and programme / project risks this will be a Service Manager or above. The SRO is responsible for ensuring that all controls are appropriate and will have a positive effect on the risk, and on review, the SRO is responsible for the review of the "Current Score".

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Three Lines of Defense

All members of staff within the Council have some responsibility for risk management. A concept for helping to identify and understand the different contributions various sources of assurance can provide is the Three Lines of Defense model. By defining the sources of assurance in three broad categories, it helps to understand how each contributes to the overall level of assurance provided and how best they can be integrated and mutually supportive.

For example, management assurances could be harnessed to provide coverage of routine operations, with internal audit activity targeted at riskier or more complex areas.

Cabinet / Audit Committee / Scrutiny			
Senior Leadership Team			
First Line Management & Internal Controls • Insurance • Policies • Performance data • Management Information • Internal controls • Staff appraisals	**Second Line; Functions that oversee or specialise in risk management Controls/Compliance** • Section 151 • Strategic Risk Management • Health & Safety • Information Governance • Business Continuity • Governance Framework • Compliance	**Third Line; Assurance / Internal Audit** Provide objective evaluation of the effectiveness of the framework of governance, risk management and control. Advise on potential control strategies and the design of controls	**External Audit / Inspection Bodies**
Responsibility for risk management		**Independent from Risk Management**	

First line of defence

Under the "first line of defence", management have primary ownership, responsibility and accountability for identifying, assessing and managing risks. Their activities create and/or

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manage the risks that can facilitate or prevent an organisation's objectives from being achieved.

The first line 'own' the risks and are responsible for execution of the organisation's response to those risks through executing internal controls on a day-to-day basis and for implementing corrective actions to address deficiencies. Through a cascading responsibility structure, managers design, operate and improve processes, policies, procedures, activities, devices, practices, or other conditions and/or actions that maintain and/or modify risks and supervise effective execution. There should be adequate managerial and supervisory controls in place to ensure compliance and to highlight control breakdown, variations in or inadequate processes and unexpected events, supported by routine performance and compliance information.

Second line of defence

The second line of defence consists of functions and activities that monitor and facilitate the implementation of effective risk management practices and facilitate the reporting of adequate risk related information throughout the organisation. The second line should support management by bringing expertise, process excellence, and monitoring alongside the first line to help ensure that risk is effectively managed.

The second line should have a defined and consistent approach to assurance that aims to ensure standards are being applied effectively and appropriately. This would typically include compliance assessments or reviews carried out to determine that standards, expectations, policy and/or regulatory considerations are being met in line with expectations across the organisation.

Third line of defence

Internal audit forms the organisation's "third line of defence". An independent internal audit function will, through a risk-based approach to its work, provide assurance over how effectively the organisation assesses and manages its risks, including assurance on the effectiveness of the "first and second lines of defence". It should encompass all elements of the risk management framework and should include in its potential scope all risk and control activities. Internal audit may also provide assurance over the management of cross-organisational risks and support the sharing of good practice between organisations, subject to considering the privacy and confidentiality of information.

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External assurance

Sitting outside of the organisation's risk management framework and the three lines of defence, are a range of other sources of assurance that support an organisation's understanding and assessment of its management of risks and its operation of controls, including:

• external auditors, chiefly the National Audit Office, who have a statutory responsibility for certification audit of the financial statements;

• value for money studies undertaken by the NAO, which Parliament use to hold government to account for how it spends public money; and

• the Infrastructure and Projects Authority (IPA), who arrange and manage independent expert assurance reviews of major government projects that provide critical input to HM Treasury business case appraisal and financial approval points.

Other sources of independent external assurance may include independent inspection bodies, external system accreditation reviews/certification (e.g. ISO), and HM Treasury/Cabinet Office/ Parliamentary activities that support scrutiny
and approval processes.

Careful coordination is necessary to avoid unnecessary duplication of efforts, while assuring that all significant risks are addressed appropriately. Coordination may take a variety of forms depending on the nature of the organisation and the specific work done by each party. It is likely to be helpful to adopt a common assurance 'language' or set of definitions across the 'lines of defence' to ease understanding, for example, in defining what is an acceptable level of control or a significant control weakness.

Roles and Responsibilities
It is the responsibility of the Senior Management Team (SLT) to ensure that the Risk Management Framework is implemented consistently across the Council.

All members of staff have a responsibility to support and embed this policy, to identify and escalate risks and to demonstrate consideration of risks in support of proposals and/or decisions.

Chief Executive Officer
Responsible for establishing the overall risk management framework
  • Make decisions with proper consideration to risks
  • Approves the strategy, business plans and budgets based on the risk management information

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- Allocate responsibility for effective risk management to risk owners
- Assign responsibility for designing and implementing the risk management pathway to the Strategic Risk Manager
- Allocate resources necessary to perform business activities with risks in mind

Senior Leadership Team
- Responsibility for the setting of the Councils risk appetite and tolerance levels
- Drive the SLT agenda by discussing those areas that are most at risk
- Provide oversight of the overall risk management effectiveness, including standards and values
- Make Board level decisions with proper consideration to risks and guidance
- Review and establish risk appetites/limits for certain business activities, types of risks (usually required by law) or decisions
- Set risk-adjusted performance targets and KPIs for CEO and the management
- Responsibility for risk management lies with service directors and management teams, and failure to keep risks updated will be an indicator of performance issues;

Individual Directors
- Are responsible, with their individual management teams, to identify the top risks for their Directorate
- To ensure those risks are entered onto JCAD and that regular monitoring and review takes place.
- Are responsible for the monitoring of partial audit recommendations resulting from Internal Audit reports, these are recorded in JCAD.
- Responsibility for risk management lies with service directors and management teams, and failure to keep risks updated will be an indicator of performance issues;

Strategic Risk Manager
- Author of the Councils Risk Management strategy, policy and process documents
- Advise Senior Officers on the implementation of the risk management pathway
- Coordinate risk management activities and provide methodological support for the risk-based decision making
- Participate in the preparation of management reports for strategic and the top directorate risks
- Coordinate the work of the Strategic Risk Management Group
- Provide risk management training
- Author eLearning materials
- Implement activities designed to integrate risk management into the overall culture of the organisation

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Strategic Risk Management Group
- Quality Assurance of the Management of Risk Pathway suite of documents
- Monitor existing and suggest, emerging strategic risks to senior leadership team

Strategic and Service Managers
- Identify, assess and treat risks associated with business activities or decision-making within their area of responsibility
- Includes a responsibility for service management teams to include risk management as a regular agenda item for their meetings;
- Allocate resources necessary to manage risks within their area of responsibility
- Optimise business processes or decision making based on the information about risks.
- Are responsible for the monitoring of partial audit recommendations resulting from Internal Audit reports, these are recorded in JCAD.
- Ensure that all service level and project risks are entered onto JCAD and that regular monitoring and review takes place.
- Discuss the risks for their service area at management meetings to gain assurance that the risks are being managed down to an acceptable level.
- Ensure risk is part of finance and performance reporting

Risk Escalation

All officers are responsible for the identification and management of risks. Where a risk moves beyond the control of an individual service or is above your target level of risk, the risk should be escalated by the senior manager to the Corporate Director, discussions around risk should be a standard agenda item on all management team meetings to enable this to happen and identify who has the authority and the accountability to authorise additional resources to control the risk. Escalation enables the transferring of ownership and accountability, up through the escalation route outlined below. Escalation does not necessarily mean that the risk will be adopted at a higher level e.g. Directorate or strategic, it does enable approval for additional mitigation at a higher level.

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Escalation of a risk						
	Service Manager	Strategic Manager	Service/ Corporate Director	Senior Leadership Team (SLT)	Audit (A) and/or Scrutiny Committee	Cabinet
Service Level	√	√	√			
Directorate Level			√	√	√	√
Strategic Level				√	√	√
Programme & Project Risks						
	Project & Change Officer	Project & Change Managers	Project Board	Programme Manager	Programme Board	
	√	√	√	√	√	

Risk financing

There are several options for financing the management and materialisation of risks to the Council and its services. The most obvious of these is through conventional insurance, which serves to reduce the financial effect of low likelihood plus high impact events, although this will apply to only 20 percent of risks identified. Other options include spending on actions to lower the level of risk. This is more likely to occur in respect of operational risk, where controls can more readily be implemented. For example, spending on security to reduce the incidence of theft.

As part of the annual budget setting process, the Council also sets its contingency budget. This specific annual revenue budget allocation is also a means of potentially funding risks that are unable to be controlled by mitigations and or exceed tolerance e.g. the consequences of an extreme weather event or legal actions against the council.

RISK REPORTING

When risk reporting, you maintain the ownership and the accountability for that risk, and informing senior leadership of the current situation, so they can make risk informed decisions. We report risks from the following;

- Service level risks

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- Directorate level risks
- Strategic risks
- Programme & project risks which are the responsibility of the Programme Office.

- JCAD Core provides the standard reporting template (JCAD/Report Explorer/Business Unit Risk Report) used across all services and projects.

- Risk should also appear on individual services / Directorate performance score cards

Risk Reporting						
	Service Team Meetings	Strategic Manager Team meetings	Directorate Management meetings	Senior Leadership Team (SLT)*	Audit Committee	Cabinet
Service Level	√	√	√			
Directorate Level		√	√	√	√	
Strategic Level				√	√	√
Internal Audit Reports	√	√	√	√	√	
Programme & Project Risks						
	Project & Change Officers	Project & Change Managers	Project Board	Programme Manager	Programme Board	
		√	√	√	√	

*Any risks overdue for a significant period, will be immediately escalated to SLT for discussion.

Reporting Frequency

Recipient	Frequency	Format
Cabinet	Annual	Report on Risk Management Policy and Strategy, together with Council Risk Report
Cabinet	Quarterly	As part of Corporate Performance Report
Scrutiny	Quarterly	As part of Corporate Performance Report
Audit Committee	Quarterly	Report on Strategic risks with a

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		focus on the controls. Report on the Internal Audit Partial Audit Recommendations
SLT	Quarterly	Report on Strategic risks & escalation of out of tolerance commissioning / business risks and emerging risks
SRMG	Monthly	Strategic Risk Report Escalation reporting to SLT Identification of emerging risks Quality Assurance of the MoR Pathway documents
Governance Board	Monthly	Review Risk Management compliance as part of SCCs Assurance Framework

Committee Reports and Decision reports: Report templates contain a section on 'Financial/Risk Implications' which officers are required to consider and complete when writing.

Significant risks identified by risk assessment should be noted here (i.e. those assessed as being 'high' when applying the Council's risk assessment criteria).   High risks should also be referred to in the main body of the report, together with any further measures proposed to control the risk.

- When/if the decision is approved a formal risk assessment should be carried out and the results entered into JCAD for monitoring and review.

5.2. Strategic Risk Management Group (SRMG)

SRMG meet monthly, is chaired by a Corporate Director and has attendees from technical risk management functions from across the council, along with representatives from services. SRMG provide a quality assurance role for the MOR Pathway documents.

SRMG also have an assurance role in establishing compliance with strategy and provide a 'critical friend' role to services. Where necessary SRMG will escalate out of tolerance risks to SLT for recommended management action.

SRMG have the option of 'calling in' a risk owner to discuss any risk that has seen no or little improvement, or a risk that has escalated to be out of tolerance.

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SRMG reports directly to SLT at their Business meetings. Reports also include any emerging risks suggested by Directors or services for SLT's consideration, the latest performance data compiled from JCAD Core and areas of concern SRMG may have.

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Risk Reporting timescales

Combined likelihood x impact score	Reporting timeframe
Very High (Red)	Monthly – record in JCAD
High (Orange)	Monthly – record in JCAD
Medium (Yellow)	Quarterly – record in JCAD
Low (Green)	At least annual – recording in JCAD is voluntary, but you must record and monitor somewhere, perhaps in your Commissioning/Service Plan template.
Very Low (Green)	At least annual – recording in JCAD is voluntary, but you must record and monitor somewhere, perhaps in your Commissioning/Service Plan template.

Training and awareness

Member training has been targeted to Audit Committee, the Cabinet and as part of the Member Development Programme.

Training for Strategic Managers and Service Managers is provided to prepare them for risk assessment of their services and raise awareness of what is required of them in relation to risk management.

Embedding risk management into organisational culture and business processes
Staff involvement

For the risk management process to become fully embedded, it is important that all staff across the organisation are engaged within it. This will be achieved through:

- Including risk management discussions during staff appraisals and supervision
- Involving staff in the process of identifying the risks from within their area of work / service.
- Targeted training and support opportunities for all staff
- E-learning module via the Learning Centre

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Directors, strategic and service managers should;

- Play an integral part in the identification, assessment and management of the range of risks they are exposed to which, may threaten the successful delivery against identified objectives.
- Set feasible and affordable strategies and plans
- Evaluate and develop realistic programmes, projects and policy initiatives
- Prioritise and direct resources and the development of capabilities
- Identify and assess risks that can arise and impact the successful achievement of objectives
- Determine the nature and extent of the risks that the organisation is willing to take to achieve its objectives
- Design and operate internal controls in line with good practice
- Deliver innovation and incremental improvements.

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Management of Risk Process Pathway

2019

Senior Responsible Owner	P Flaherty, CEO	July 2019
Author	P Pursley, Strategic Risk Manager	June 2019
Quality Assurance	Strategic Risk Management Group Governance Board	August 2019 September 2019
Final copy signed-off	Senior Leadership Team	1st October 2019
Adopted into the business	Cabinet	December 2019

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Management of Risk – Process Pathway

Main Principles

The Management of Risk processes shall be structured to include:
- **Risk identification and assessment;** of risks to determine and prioritise how the risks should be managed;
- **Risk treatment;** the selection, design and implementation of options that support achievement of intended outcomes and manage risks to an acceptable level;
- **Risk monitoring**; the design and operation of integrated, insightful and informative
- **Risk reporting;** timely, accurate and useful to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.

The Management of Risk process wheel

Risk Identification & assessment

Risk Reporting

Risk Treatment

Risk Monitoring

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Risk management is the identification, evaluation, and prioritization of risk (defined in ISO3100:2018) as *the effect of uncertainty on objectives* followed by coordinated and economical application of resources to minimize, monitor, and control the Likelihood or impact of unfortunate events or to maximize the realization of opportunities.

Risk Identification and Assessment

This process does not cover Hazard Management, for example, working alone away from your office can be a hazard. The risk of personal danger may be high. Electric cabling is a hazard. If it has snagged on a sharp object, the exposed wiring places it in a 'high-risk' category. Hazard management is covered under the SCC Health & Safety policy. All enquiries should be directed to the Central Health & Safety Team at County Hall. You do not record hazards in JCAD.

Risk Identification:

Risk identification should produce an interconnected view of risks, they can be organised by categories or they can be genuine 'one-offs'. The aim is to identify and understand the council's risk profile, especially those that may potentially impact on one or more of our objectives. Risks can come from any of the following activities;

- Strategic Planning
- Service and Commissioning Plans
- Financial planning
- Contract management
- Procurement

- Performance monitoring
- Key and non-key decisions
- Partnership working
- Project and Change Management
- External factors beyond our control

Risks should be identified even where their sources are not under the organisation's direct control. Even seemingly insignificant risks on their own have the potential, as they interact with other events and conditions, to cause great damage or create significant opportunity.

Talk with your team: The best time to look at the uncertainties (risks) around successful delivery of your services annual objectives is to hold a risk identification session when you are writing your *Commissioning* or *Service* Plans. For projects and programmes, this is when you are at the start of your work, when you are developing your project or programme plans. The councils Risk Manager can help facilitate this.

There are many techniques you can use when identifying risks, examples include; Horizon Scanning; looking into the future of your service, Strength, Weakness, Opportunity and Threats (SWOT) analysis or scenario planning.

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Write the risk description, keep it concise.

Start by writing the risk portion–the uncertain event or condition. When defining risks, think about what may or may not happen. Risks are uncertain events or conditions, not things that have already happened. (Threats that have occurred are called issues; opportunities that have occurred are benefits).

All risks need to be written following the format below

- **The uncertain event or condition** (description) **............**
- **caused by ....**
- **resulting in** (consequence/impact) **.............**

Ask the following questions;
- Is this risk within our gift to control, is this something we can do anything about?
- Is the risk connected to a corporate or service objective?
- Does the risk description focus on uncertain events or conditions?
- Is the risk clearly defined and specific?
- Does the risk description drive clear response plans, i.e. do the new actions/controls really help to mitigate the risk, can you measure the results of the control?
- Does it matter? if not, is this really a risk?

This simple table could help with the identification process.

Caused by ...	The uncertainty/condition	Resulting in (Consequence/Impact)..
New Controls [what new actions are you going to put in place to mitigate it this risk]	**?**	**Existing Controls** [What plans do you have in place already to minimize the impact?]

Assessment:

Risk evaluation should involve comparing the results of the risk analysis with the nature and extent of risks that the organisation is willing to take to determine where and what additional action is required. Options may involve one or more of the following:

- **Terminate:** avoiding the risk, if feasible, by deciding not to start or continue with the activity that gives rise to the risk;

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- **Tolerate:** retaining the risk by informed decision;
- **Treat:** changing the likelihood, where possible or changing the consequences, including planning contingency activities;
- **Transfer:** sharing the risk (e.g. through commercial contracts or partnership working).

The outcome of risk evaluation should be recorded in JCAD, communicated and then validated at appropriate levels of the organisation. It should be regularly reviewed and revised based on the dynamic nature and level of the risks faced.

Identify the **risk owner** – this must be an individual not a service name or Group, Board, Committee. The owner is usually from the service area effected by the risk, if the named owner changes role then a new owner must be identified. This is not always the case where a Director is the risk owner.

There are three levels of risk score required, the **risk owner** will need to use the Councils RAG Assessment Matrix to identify;

Inherent Risk Score: This is the **uncontrolled worst-case scenario** based on the pure risk without identified controls/mitigation. This will be the highest RAG score. See fig 1.

	Uncontrolled Worst Case Score	Current Risk Score	Controlled Risk Score by March 2020
Impact Cost:	£0.00	£0.00	£0.00
Likelihood:	5 - Very Likely	4 - Likely	4 - Likely
Impact:	5 - Critical	4 - Major	4 - Major
Profile:	Red - V. High Risk (25)	Red - V. High Risk (16)	Red - V. High Risk (16)

Fig 1.

Current Risk Score: Use the RAG scoring matrix again to now assess the level of risk This should be better than the inherent score if you were able to identify proactive (existing) controls, but, if this is a completely new initiative there may not be any proactive controls in place, in which case the current score would be the same as the inherent score. Fig 1.

The **risk owner** is required to:
- consider the current score and adjust, if necessary, at each review.

Action/Mitigation Owner:	Lizzie Watkin	Status:	Existing
Target Date for completion:		Estimated Cost:	
% Complete:	100	Cost to Date:	

Fig 2.

Controlled Risk Score by March 2020 (example**):** Use the RAG scoring matrix, available at the end of this document or from the "My Summary screen" in JCAD, to plot the likelihood and Impact of the risk using the information you have gathered above. This score should

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reflect the level of risk the service is able to accept/tolerate in the forthcoming financial year. Fig 1.

JCAD: Risks need to be entered in JCAD following the guidance below;

Current risk score:

- If your **current score** is 'Low' (green) – the use of JCAD to record and monitor these risks is voluntary, but, this does not mean you can ignore them, you still need to monitor them as any risk has the potential to change over time. The Commissioning or Service Plan template is the idea place to record these risks so that they are still a living document, but the review is less formal.

- If the current score is '**medium**' (yellow) – you must record and monitor using JCAD. The requirement to review this level of risk is quarterly.

- If the current score is '**high**' (orange) – you must record and monitor using JCAD. The required review period is monthly.

- If the current score is '**very high**' (red) – you must record and monitor using JCAD. The required review period is monthly, but you can set the review for anything from 1 to 30 days if there is real concern the risk may occur imminently.

The Risk Assessment Grid and guidance are available from the 'Document Store' on the "My Summary" screen in JCAD or at the end of this document.
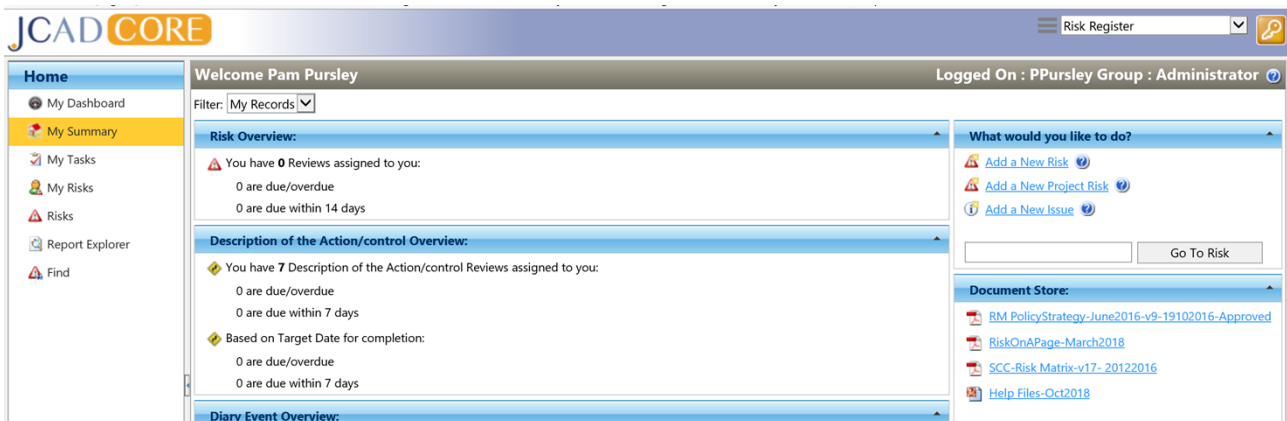
Risk Treatment

Selecting the most appropriate risk treatment option(s) involves balancing the potential benefits derived in relation to the achievement of the objectives against the costs, effort or disadvantages of implementation. Justification for the design of risk treatments and the operation of *internal control* is broader than solely economic considerations and should consider all the organisation's obligations, commitments and stakeholder views.

Proactive controls – what you already have e.g. policy, regulation, governance, insurance etc
Reactive controls - what you need to do: e.g. new / updated policy, business redesign, purchase insurance etc

When selecting reactive controls, you need to know the expected benefit to be gained, your goal is to reduce the risk to an acceptable level.

The 4 'T's' - Description of types of controls	
Terminate	Remove the cause of the threat, cease activity. These controls are designed to limit the possibility of an undesirable outcome being realized. The more important it is to stop an undesirable outcome, the more important it is to implement appropriate and proportionate preventive controls
Treat	Put in place mitigation to make it less likely to have a severe impact on the Council. Designed to limit the scope for loss and reduce undesirable outcomes that have been realized. They could also achieve some recovery against loss or damage
Transfer	Pass the whole risk to a third party. Designed to ensure an outcome is achieved. Transfer could be to another service area or an external contractor, you need to assure yourself that safe systems of work are followed by all concerned.
Tolerate	The Council accepts that the risk may occur. You may decide to 'tolerate' a risk because there is nothing more you can do to reduce the effect (impact) if the risk were to materialise. You may also tolerate a risk if the uncertain event has indeed happened in which case Issue management* needs to be put in place. You must get authorization from a Strategic Manager or above to tolerate a risk.

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* Issue Management is not covered in the suite of Pathway documents. If a risk does indeed materialise then immediate management action needs to be taken to resolve any escalation in additional risk or undesirable impact on the Council.

Where appropriate, contingency, containment, crisis, incident and continuity management arrangements should be developed and communicated to support resilience and recovery if risks crystallise. Contact the Civil Contingencies Unit for advice and assistance with Business Continuity Planning.

The **risk owner** is responsible for the identification of;
- **proactive** controls and for ensuring they are record in JCAD as "100%" complete and status of "existing". Fig 2

Fig 2.

- **reactive controls** – these are the additional pieces of work (actions) required to mitigate/control the identified risk (bottom right wing). Fig 2
- identification of the **control (action) owner**, this must be an individual not a post name or service area.

Completion of the 'Control Details Panel' will set the diary in JCAD that then generates the review emails to the action owner. Fig 3

Fig 3.

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Risk Monitoring

Monitoring should play a role before, during and after implementation of risk treatment. Ongoing and continuous monitoring should support understanding of whether and how the risk profile is changing and the extent to which internal controls are operating as intended to provide reasonable assurance over the management of risks to an acceptable level in the achievement of organisational objectives.

The results of monitoring and review should be incorporated throughout the organisation's wider performance management, measurement and reporting activities.
Recording and reporting aims to:

- transparently communicate risk management activities and outcomes across the organisation;
- provide information for decision-making;

When a risk has been entered into JCAD, the systems internal diary will be activated with the monitoring period set depending on the **current risk score:**

- Very High / High, Red or orange – Monthly review
- Medium, yellow – quarterly review
- Low / very low, green – at least once a year. The use of JCAD for this level of risks is optional, but a record of the risk must still be kept and monitored.

An email is sent to the Risk Owner and Action Owner when the review is due.

- The Action Owner is responsible for the review of the action assigned to them, they should provide a written statement on the current position, update the % complete and accept the next review date.

- The Risk Owner must assure themselves that the action owners are completing their reviews and update the current score by re-assessing the Likelihood and Impact scores. The risk owner is responsible for providing the review statement that reflects any changes/improvements.

The "three lines of defence" model, see below, sets out how these aspects should operate in an integrated way to manage risks, design and implement internal control and provide
assurance through ongoing, regular, periodic and ad-hoc monitoring and review. When an organisation has properly structured the "lines of defence", and they operate effectively, it should understand how each of the lines contributes to the overall level of assurance required and how these can best be integrated and mutually supportive.

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There should be no gaps in coverage and no unnecessary duplication of effort. Importantly, the accounting officer and the board should receive unbiased information about the organisation's principal risks and how management is responding to those risks.

Cabinet / Audit Committee / Scrutiny	

Senior Leadership Team

First Line Management & Internal Controls	**Second Line; Functions that oversee or specialise in risk management Controls/Compliance**	**Third Line; Assurance / Internal Audit**	**External Audit / Inspection Bodies**
• Insurance • Policies • Performance data • Management Information • Internal controls • Staff appraisals	• Section 151 • Strategic Risk Management • Health & Safety • Information Governance • Business Continuity • Governance Framework • Compliance	Provide objective evaluation of the effectiveness of the framework of governance, risk management and control. Advise on potential control strategies and the design of controls	

Responsibility for risk management	**Independent from Risk Management**

All members of staff within the Council has some responsibility for risk management and assurance can come from many sources. A concept for helping to identify and understand the different contributions the various sources can provide is the Three Lines of Defence model. By defining the sources of assurance in three broad categories, it helps to understand how each contributes to the overall level of assurance provided and how best they can be integrated and mutually supportive. For example, management assurances could be harnessed to provide coverage of routine operations, with internal audit activity target at riskier or more complex areas.

The **Management of Risk - Policy Pathway** explains the escalation process for the management, review and reporting of all levels of business risks across the Council. There are separate arrangements for Health & Safety risks and the daily safeguarding risks that arise in the Social care services.

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Escalation of Risks

	Service Manager	Strategic Manager	Service Director	Senior Leadership Team	Audit and or Scrutiny Committee	Cabinet
Service Level	✓	✓	✓			
Directorate Level			✓	✓	✓	✓
Strategic Level			✓	✓	✓	✓

Programme & Project Risks

	Project & Change officers	Project & Change Managers	Project Board	Programme Manager	Programme Board	
	✓	✓	✓	✓	✓	

Risk Reporting

Strategic Risk Management Group	Governance Board	SLT	Audit Committee
Monthly reporting	Monthly by exception	Strategic Risks - Monthly. SWAP - Monthly	Strategic Risk -Twice yearly SWAP Partial Audits – At each Meeting

The Senior Leadership Team, supported by the Audit Committee, should specify the nature, source, format and frequency of the information that it requires. It should ensure that the assumptions and models underlying this information are clear so that they can be understood and, if necessary, challenged.
Factors to consider for reporting include, but are not limited to:

- differing stakeholders and their specific information needs and requirements
- cost, frequency and timeliness of reporting
- method of reporting; and
- relevance of information to organisational objectives and decision-making.

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The information should support SLT to assess whether to review the adequacy and effectiveness of internal controls, and to decide whether any changes are required to re-assess strategy and objectives, revisit or change policies, reprioritise resources and improve controls.

Clear, informative and useful reports or dashboards should promote key information for each strategic risk to provide visibility over the risk, assess the effectiveness of key management actions and summarise the assurance information available.

SLT should have a standard agenda item at least monthly to discuss the current Strategic Risks profile. The Strategic risks should be subject to "deep dive" reviews by SLT at least annually or an appropriate frequency, set by SLT, depending on the nature of the risk(s) and the performance reported.

Strategic Risks are reported to Audit Committee twice a year, with the Partial Internal Audits being reported quarterly. The Committee Chair may request that an officer attend a subsequent committee meeting to explain the progress of an individual risk or risks for the service area.

Each month a Risk Awareness Report (RAR) is sent to each Director for the risks across their services. These reports should be used at management team meeting's so assurance can be gained that those risks / actions that need attention are highlighted and the appropriate action is taken.

The Strategic Risk Management Group (SRMG) meets monthly and will look at various reports drawn from JCAD to assure themselves that the management of risk is taking place. SRMG also reports to Governance Board by exception and on a regular basis to SLT highlighting any concerns or suggestions of emerging risks.

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JCAD has a few pre-defined report templates, the standard report template is called "Risk Register Business Unit Display" and is available from the Report Explorer tab.

Programme and project risk reports are available from the Report Explorer using the "Risk Register Project Display" option. See Fig 4 below.
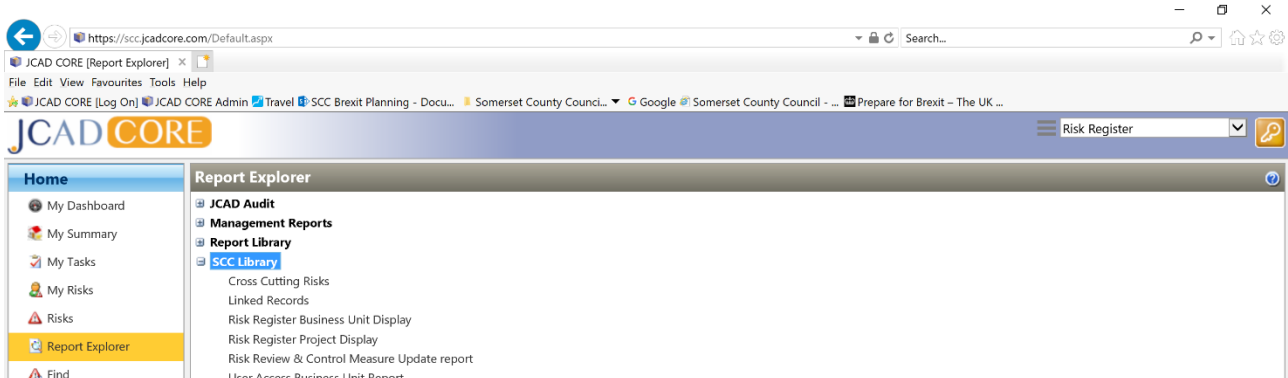
Fig 4.

The report launcher allows the user to select various options from the drop-down lists provided which, returns the standard risk report.
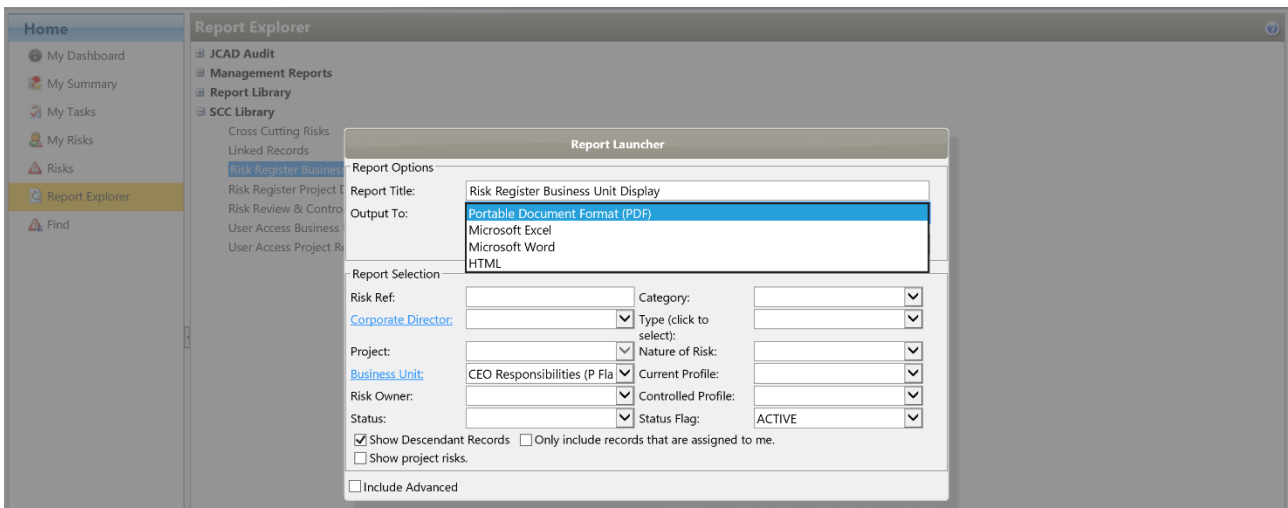
Fig5.

Users need to be aware that any risk report that is generated and saved has a retention period of 6 years from the date on the report.

Users need to note that as JCAD is a real-time system, any changes made to a record will instantly become the current iteration of that record, therefore risk reports are only valid on the **day** they are produced.

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Management of Risk - Process Pathway

Risk Report

Somerset County Council
08 September 2019

Risk Report - CEO Responsibilities (P Flaherty)

|	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner *Review Date* *Target Date*	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
- CEO Responsibilities (P Flaherty) - HR & OD (CSquire) - ICT Training Team	**ICTTT0001** **Risk Owner:** Christian Surname **Next Risk Review Date:** 10/09/2019	**Risk Description:** Asfg ashsjgadkjf ai ojopuf dj;f oppnr ;n. **Cause:** Arahjsf__geeje nakhnaf :afjod;mfnpa;mfjoa;dmv **Consequence:** Wljkoasfmafpiem kfjlfjkfjfjormvkfjonblknsd;l	Likelihood :4 Impact :3 12 Yellow - Medium Risk			Likelihood :4 Impact : 3 12 Yellow - Medium Risk	Likelihood :4 Impact :3 12 Yellow - Medium Risk	10/06/2019 As per previous updates. Ongoing

Fig 6.

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Training & workshop facilitation contact:

Pam Pursley, Strategic Risk Manager
T: 01823 359062
E: ppursley@somerset.gov.uk

The councils risk management process complies with the principles of the following National & International policies and strategies:

- ISO 31000:2009/2018 Risk Management – Principles and Guidelines
- 'A Structured Approach to Enterprise Risk Management', The Institute of Risk Management (IRM)
- Fundamentals of Risk Management, 5th Edition, IRM
- The Orange Book 2019, HM Treasury
- Management of Risk (M_O_R), OGC
- Guidance & Toolkit, ALARM, The **Public Risk** Management Association.

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2019 Pathway Risk Assessment Grid

*All **medium to very high risks** are to be recorded in JCAD Core as per the SCC Management of Risk Pathway documentation.

LIKELIHOOD (A)		Insignificant 1	Minor 2	Significant 3	Major 4	Critical 5
5 **Very Likely** >90% chance		5 Minimal risk. Acceptable; record & manage within service	10 Low Acceptable; record & manage within service	15* High Record in JCAD Review Quarterly	20* Very High. Record in JCAD Review Monthly	25* Very High. Record in JCAD Review Monthly
4 **Likely** 50 to 90% chance		4 Minimal risk. Acceptable; record & manage within service	8 Low Acceptable; record & manage within service	12* Medium Record in JCAD Review Quarterly	16* High Record in JCAD Review Monthly	20* Very High. Record in JCAD Review Monthly
3 **Possible** 25 to 50% chance		3 Minimal risk Acceptable; record & manage within service	6 Minimal risk Acceptable; record & manage within service	9* Medium Record in JCAD Review Quarterly	12* Medium Record in JCAD Review Quarterly	15* High Record in JCAD Review Quarterly
2 **Slight** 10 to 25% chance		2 Minimal risk Acceptable; Record & manage within service	4 Minimal risk Acceptable; record & manage within service	6 Low Acceptable; Record & manage within service	8 Low Acceptable; Record & manage within service	10 Low Acceptable; Record & manage within service
1 **Very unlikely** <10% chance		1 Minimal risk Acceptable; Record & manage within service	2 Minimal risk Acceptable; Record & manage within service	3 Low Acceptable; Record & manage within service	4 Low Acceptable; Record & manage within service	5 Low Acceptable; Record & manage within service
		Insignificant 1	**Minor 2**	**Significant 3**	**Major 4**	**Critical 5**
		IMPACT (B)				

Likelihood of Occurrence (A)	Indicator	Description
1 - Very unlikely	May occur only in exceptional circumstances	< 10% chance of occurrence
2 - Slight	Is unlikely to, but could, occur at some time	>10 to 25% chance of occurrence
3 - Possible	May or may not occur at some time, or in some circumstances. Has happened elsewhere	>25 to 50% chance of occurrence
4 - Likely	Likely to occur within the next 1-2 years or within the lifetime of the programme or project. Circumstances occasionally happen (few times a year). Has happened before.	>50 to 90% chance of occurrence
5 - Very Likely	Regular occurrence. Circumstances frequently encountered. Daily/weekly/monthly.	>90% chance of occurrence

Factor	Scale	Impact on the effect on Service	Impact on Environmental /Social	Impact on Embarrassment/ Reputation	Impact on Personal Safety & Health (H&S)	Impact on Personal Privacy Infringement	Impact on Failure to provide statutory duties/legal obligations	Impact on Financial	Impact on Project Objectives/ Schedule Deadlines

Factor	Scale	Impact on the effect on Service	Impact on Environmental /Social	Impact on Embarrassment/ Reputation	Impact on Personal Safety & Health (H&S)	Impact on Personal Privacy Infringement	Impact on Failure to provide statutory duties/legal obligations	Impact on Financial	Impact on Project Objectives/ Schedule Deadlines
					Loss of life				
CRITICAL	5	Complete failure to deliver a strategic priority or opportunity	Extensive detrimental long term impacts on the environment and community ▪ catastrophic and / or extensive discharge of persistent hazardous pollution	Adverse/persistent national media coverage (inc. electronic media & Social media) ▪ Key Officer/s and/or Member/s forced to resign ▪ Adverse central government response, involving (threat of) removal of delegated powers	Loss of life	Over 1,000 individual's personal / sensitive data compromised / revealed. (Report to ICO)	Litigation/ claims/fines from: Departmental £500k + Corporate £1m +	**Over £50k. Director sign-off required** ● More than 20% of budget –in conjunction with other factors – ● Programme/ project costs over run in excess of 20% of budget. ● Less than 60% of programme benefits realised	Complete failure of programme, project or both. Programme outcomes or project products not delivered at all or quality seriously compromised
MAJOR	4	Major impact, positive or negative, on a strategic priority	Long term detrimental environmental or social impact e.g. chronic and/or significant discharge of pollution	Adverse major publicity in professional/ municipal press or electronic media, affecting standing in community	Major injury to an individual or several people	100 – 1,000 individual's personal / sensitive data compromised / revealed. (Report to ICO)	Litigation/ claims/fines from: Departmental £250k + Corporate £500k +	**Over £50k. Director sign-off required** ● More than 15% of budget – in conjunction with other factors ● Programme /project cost overrun in excess of 15% of budget ● Only 70% of programme benefits will be realised	Extreme project delay (3+ months) Programme or project timeline extended by 30% in addition to agreed tolerance Scope seriously impacted – i.e, reduced/increased by 50%

Factor	Scale	Impact on the effect on Service	Impact on Environmental /Social	Impact on Embarrassment/ Reputation	Impact on Personal Safety & Health (H&S)	Impact on Personal Privacy Infringement	Impact on Failure to provide statutory duties/legal obligations	Impact on Financial	Impact on Project Objectives/ Schedule Deadlines
SIGNIFICANT	3	Significant impact, positive or negative, on a strategic priority	Serious local discharge of pollutant or source of community within general neighbourhood that requires remedial action	Adverse local/regional publicity of a significant or persistent nature	Severe injury to an individual or several people	10 – 100 individual's personal / sensitive data compromised/ revealed. (Report to ICO)	Litigation / claims / fines from: Departmental £50k to £125k Corporate £100k to £250k	**Over £50k. Director sign-off required** • 10% of budget – in conjunction with other factors • Programme/ project cost overrun in excess of 15% of budget • Only 80% of programme benefits will be realised	Significant impact on project or most of expected benefits fail / major delay 2-3 months. Programme or project timeline extended by 20% in addition to agreed tolerance Re-adjustment of scope is major

Factor	Scale	Impact on the effect on Service	Impact on Environmental /Social	Impact on Embarrassment/ Reputation	Impact on Personal Safety & Health (H&S)	Impact on Personal Privacy Infringement	Impact on Failure to provide statutory duties/legal obligations	Impact on Financial	Impact on Project Objectives/ Schedule Deadlines
MINOR	2	Minor impact, positive or negative, on a strategic priority	Short term, local detrimental affect on the environment or social impact e.g. significant discharge of pollutants within local neighbourhood	Adverse local publicity/ local public opinion aware Statutory prosecution of a non-serious nature	Minor injury to an individual or several people	2 – 10 individual's personal / sensitive data is compromised/ revealed	Litigation/ claims/fines from: Departmental £25k to £50k Corporate £50k to £100k	**£10-£50K. Strategic Manager Sign-off required** • Programme/ Project cost overrun in excess of 10% of budget • Only 90% of programme benefits will be realised	Adverse effect on project/ significant slippage 3 weeks – 2 months Programme or project timeline extended by 10% in addition to agreed tolerance Impact on scope can be managed
INSIGNIFICANT	1	Insignificant impact, positive or negative, on a strategic priority	Lasting detrimental effect on the environment i.e. noise, fumes, odour, dust emissions etc, of short-term duration.	Contained within section/unit or Directorate Complaint from individual/small group of arguable merit	Discomfort to an individual or several people	An Isolated individual's personal / sensitive data is compromised/ revealed	Litigation/ claims/fines from: Departmental £12k to £25k Corporate £25k to £50k	**£10-£50k. Strategic Manager Sign-off required** • Minimal impact on programme/ project costs or benefits	Minimal impact to project/ slight delay less than 2 weeks Minimal effect of the programme or project timeline within agreed tolerance

Management of Risk
Strategy Pathway
2019

Senior Responsible Owner	P Flaherty, CEO	14 May 2019
Author	P Pursley, Strategic Risk Manager	April 2019
Quality Assurance	Strategic Risk Management Group	May 2019
	Governance Board	September 2019
Final copy sign- off	Senior Leadership Team	May 2019
	Cabinet / /SLT	November 2019
Adopted into the business	Cabinet	December 2019

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Strategy Pathway

"We must develop long term prevention to reduce the need for services in the future. Operating as a learning organisation where failure demand feeds strategic planning". P Flaherty, CEO.

Background

1. This Strategy provides the strategic direction for the management of risk, to secure the objectives identified in the Councils Business Plan which, is supported by the Medium Term Financial Plan (MTFP).

2. This Strategy is one of the three documents that make up the Management of Risk Pathway

3. This Strategy applies to:
   - All officers of the Council
   - All elected Members of the Council
   - All Committees, Boards or Groups in respect of their oversight of the council's risk management arrangements.

4. Officers and elected Members are required to consider and monitor those risks that will have a direct effect on the Council when working collaboratively. This Strategy does not cover those risks affecting the County of Somerset.

Corporate Direction:

- Senior Leadership Team (SLT) will agree the critical objectives, opportunities, initiatives and operations.

- ☛ SLT are required to create a shared understanding of the risk appetite expressed as opportunity and risk, across the Council's functions in delivering its priorities and outcomes.

- ☛ SLT to document and prioritize an overall assessment of the range of opportunities and identify the level of risk which is judged to be tolerable, affordable and justifiable to the Council.

- ☛ SLT will at their regular meetings, identify emerging risks to the Council, risks from their service areas that impact on the identified strategic risks, and changes in Service assessment, especially those risks identified as "very high", to agree the broad understanding of the key challenges for the Council.

- ☛ SLT will define a comprehensive view of the portfolio of opportunity risk associated with the critical priorities, outcomes, activities and resources.

☛ denotes an update or addition to the Strategy

Infrastructure:

- The Chief Executive is the Senior Responsible Owner of the Risk Management Pathway of which, the Strategy is the first path.
- ☛ The Director of Finance, as the Section 151 Officer, is the Senior Lead Officer for Risk Management.
- SLT will task the Risk Manager with delivery of training, coaching and advisory service to all service areas.
- SLT are responsible for the dissemination of the Risk Management Pathway to Strategic & Service Managers to enable compliance across all services.
- The Risk Manager is responsible for the creation of the suite of documents that make up the Risk Management Pathway. This includes the Strategy Pathway, the Policy Pathway and the Process Pathway.

Resources:

- ☛ The Director, Economic and Community Infrastructure Commissioning is the chair of the Strategic Risk Management Group (SRMG)
- ☛ Individual Directors to identify Risk Champions from their business areas (Senior admin, business support officers) who will be tasked with assisting managers with the management and review of risks.
- ☛ SLT to agree greater collaboration between Strategic Risk Management, Civil and Emergency Planning, performance management and the financial process.

This Strategy sets out how the Council intends to move risk management forward to meet the Councils Transforming SCC To Improve Lives agenda. The Senior Leadership Team are fully committed to this Strategy and see it as part of our responsibility to deliver excellent public services.

Patrick Flaherty **Senior Responsible Owner** Chief Executive Officer	Sheila Collins **Senior Risk Officer** Interim Director Finance
Date: 2019	**Date: 2019**

☛   denotes an update or addition to the Strategy

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Decision Report – Cabinet

Decision Date – 18th December 2019

2019/20 Revenue Budget Monitoring – Month 7 Report

Cabinet Member(s): Cllr Mandy Chilcott – Cabinet Member for Resources
Division and Local Member(s): All
Lead Officer: Sheila Collins, Interim Director of Finance
Author: Leah Green, Finance Manager MTFP – Corporate
Finance Contact Details: SDCollins@somerset.gov.uk 01823 359028

<table>
<tr><td></td><td>Seen by:</td><td>Name</td><td>Date</td></tr>
<tr><td rowspan="11"></td><td>County Solicitor</td><td>Honor Clarke</td><td>09/12/2019</td></tr>
<tr><td>Monitoring Officer</td><td>Scott Wooldridge</td><td>09/12/2019</td></tr>
<tr><td>Corporate Finance</td><td>Sheila Collins</td><td>09/12/2019</td></tr>
<tr><td>Human Resources</td><td>Chris Squire</td><td>09/12/2019</td></tr>
<tr><td>Property</td><td>Paula Hewitt / John Cooper</td><td>09/12/2019</td></tr>
<tr><td>Procurement / ICT</td><td>Simon Clifford</td><td>09/12/2019</td></tr>
<tr><td>Senior Manager</td><td>Sheila Collins</td><td>09/12/2019</td></tr>
<tr><td>Commissioning Development Team</td><td>commissioningdevelopment@somerset.gov.uk</td><td>09/12/2019</td></tr>
<tr><td>Local Member(s)</td><td>All</td><td></td></tr>
<tr><td>Cabinet Member</td><td>Mandy Chilcott</td><td>09/12/2019</td></tr>
<tr><td>Opposition Spokesperson</td><td>Liz Leyshon</td><td>09/12/2019</td></tr>
<tr><td></td><td>Relevant Scrutiny Chairman</td><td>Cllr Anna Groskop for Scrutiny Place</td><td>09/12/2019</td></tr>
<tr><td>Forward Plan Reference:</td><td colspan="3">FP/19/10/19</td></tr>
<tr><td>Summary:</td><td colspan="3">This report sets out the month 7 forecast outturn position for 2019/20 for the net Revenue Budget of £327.967m. It highlights variances to service budgets, as well as emerging issues, risks, areas of concern and proposed actions to resolve them. The Council's Medium-Term Financial Plan (2019-22) sets out proposals to further develop its financial resilience over the long-</td></tr>
</table>

	term whilst also supporting the delivery of the Council's key priorities. The report shows an overall projected **balanced position** for the Council, with the main adverse movements from month 6 being within Children's and Adults Services partly offset by the favourable movements within Economic and Community Infrastructure Services, Corporate and Support Services and Non-Service. There are also favourable variances reported within Accounting Bodies (Somerset Rivers Authority [SRA] and Local Enterprise Partnership [LEP]). **Section 4** details these variances. This leaves £6.399m of the Corporate Contingency budget currently unallocated and therefore potentially available to further improve the Council's financial resilience in the medium term. This position is improved from month 6. A decision regarding use of the contingency will be considered later in the year once the end of year position is firmer. The budget for 2019/20 includes a savings target of £21.547m and this report confirms forecast delivery of £21.314m.
Recommendations:	**It is RECOMMENDED that the Cabinet:** 1. Note the forecast balanced position for the Council for the end of 2019/20. 2. Note that £6.399m of the corporate contingency remains unallocated. 3. Note the forecast favourable position of -£0.792m for Accountable Bodies (LEP/SRA) for the end of 2019/20. 4. Note the delivery of £18.093m savings by Month 7 and the forecast delivery of £21.314m by the year end of the total target of £21.547m.
Reasons for Recommendations:	Closely monitoring spend against the agreed budget is necessary to ensure that the Council delivers its priorities within its means. This report requires action to be taken so that this objective can be met.
Links to County Vision, Business Plan and Medium-Term Financial Strategy:	The Medium-Term Financial Plan (MTFP 2019-22) sets the funding for the County Vision and the use of those funds is then monitored, via this report and others throughout the year to ensure delivery of Council objectives and actions within the resources available.

Consultations and co-production undertaken:	Information and explanations have been sought from directors on individual aspects of this report and their comments are contained in the report. Due process and consultations will be carried out where required for any further specific proposals for change.
Financial Implications:	The financial implications are identified throughout the report.
Legal Implications:	There are no specific legal implications arising from this report.
HR Implications:	There are no HR implications arising directly from this report, but remedial actions may have such implications. These will be dealt with in any subsequent reports.
Risk Implications:	The Council's corporate risk register recognises the difficulties to containing spend within budget in the face of service pressures, reducing funding and the challenges of delivering ever more savings and efficiencies. Although broader market uncertainty exists in view of the current Brexit negotiations, at this stage any precise implications are not known. The Council needs to be alert to potential implications as negotiations develop and respond accordingly at the time. The Children's Services budget, while rebased, remains under pressure as the Service continues to improve alongside the sensitivity of some aspects of the services to volume changes, especially placements. The Organisational Risk (00043) has a broad perspective, encompassing both current year spending and future years' budgets. At the beginning of each year this corporate risk is reviewed. The up-dated risk for 2019/20 acknowledges the improvement that has been made and describes the risk to be: "Maintaining a balanced budget for 2019/20 and ensuring a sustainable MTFP. There is a risk to the council's long-term sustainability if there are significant in-year service adverse variances, and or if the council suffers significant loss of funding in future years its ability to prepare a robust and sustainable MTFP for 2020/21 onwards may be impacted."

	Following the Spending Round (SR19) additional funding for Local Authorities has been announced mainly for social care and high needs education. However, the mechanisms for distribution of these additional funds is subject to consultation and more details are expected to be announced as part of the Local Government Provisional financial settlement in the autumn. Additionally, there is no current commitment to continue the significant levels of uncertain funding beyond 2020/21. In view of this significant level of uncertainty facing local government in funding and on-going increasing demand pressures and costs, despite growing confidence with internal control mechanisms, the risk score remains at the current level of "very high" (4x4(16)). Robust control must be maintained.

Likelihood	**4**	**Impact**	**4**	**Risk Score**	**16**

Other Implications (including due regard implications):	**Equalities Implications** There are no specific equalities implications arising from the contents of this report. **Community Safety Implications** There are no community safety implications arising from the contents of this report. **Sustainability Implications** There are no sustainability implications arising from this report. **Health and Safety Implications** There are no health and safety implications arising from this report. **Privacy Implications** There are no privacy implications arising from this report. **Health and Wellbeing Implications**

	There are no health and wellbeing implications arising from this report.
Scrutiny comments / recommendation (if any):	This report will be presented to Scrutiny for Policies and Place Committee, on 5th February 2020; comments arising will be made available to the Cabinet at a subsequent meeting.

1. Background

1.1. This report is the sixth revenue budget monitoring for 2019/20. There continues to remain some risk within these forecasts especially within service areas that are affected by seasonal changes during the winter period such as Highways, Waste and Adults Services.

1.2. It is encouraging that the forecast continues to show confidence that the more robust approach to budget planning for 2019/20 onwards has ensured that the budget assumptions are realistic, and deliverable with a relatively small adverse variance seen in the Council's service forecasts of £0.151m. This is being off-set by a 'notional' allocation from Corporate Contingency while firm management actions to correct variances are being implemented. In addition to this forecast, there are also favourable variances reported for Accountable Bodies (SRA and LEP) of -£0.792m.

1.3. The Council is evidencing a sustained tighter financial grip going forwards through the budget monitoring forecast and through its approach to MTFP for 2020-2023. To further support this there will be a continuation of formal monthly monitoring report to Cabinet and to Scrutiny for Policies and Place and iterative improvements to the format, content and layout of the reports to aid effective review and scrutiny. Alongside this internal tracking and budget monitoring processes continue to be given close attention by the Senior Leadership Team.

2. Reserves

2.1. Forecasts for the year-end balance of earmarked reserves are currently estimated at £37.561m. As part of the fuller quarterly budget monitoring reports, reserves are reported in more detail including explanations and a forecast of the value of reserves that will be held at the end of the year.

3. Capital Receipts Flexibilities (CRF)

The MTFP (2019-22) process included a review of business cases supporting the transformation activity that planned to utilise capital receipts flexibilities during 2019/20 in compliance with Government Guidelines. This was originally planned at £2.795m in the MTFP. The Month 7 forecast position indicates a small reduction of

£0.498m to £2.297m against the original planned amount and is in-line with the month 6 report. A full summary of the forecasts will be included in the quarterly budget monitoring reports.

4.   Summary Forecast 2019/20 – Revenue Budget

The Councils forecast shows a projected **balanced position** when compared to the net revenue budget of £327.967m. There remains a forecast adverse variance within Children's Services, Adults Services and Trading Units (Dillington House) which are offset by favourable variances within Economic and Community Infrastructure Services, Corporate & Support Services and Non-service. Most other areas of the Council are within a reasonable tolerance. Favourable variances are also reported for Accountable Bodies (SRA and LEP).

4.1.   The following graph **(Graph 1)** compares the reported monthly budget variances in 2018/19 for the Council and the current financial year (excluding the favourable variances reported within Accountable Bodies [SRA and LEP]).

4.2.   Graph 1 – Revenue Budget Variances 2018/19 and 2019/20
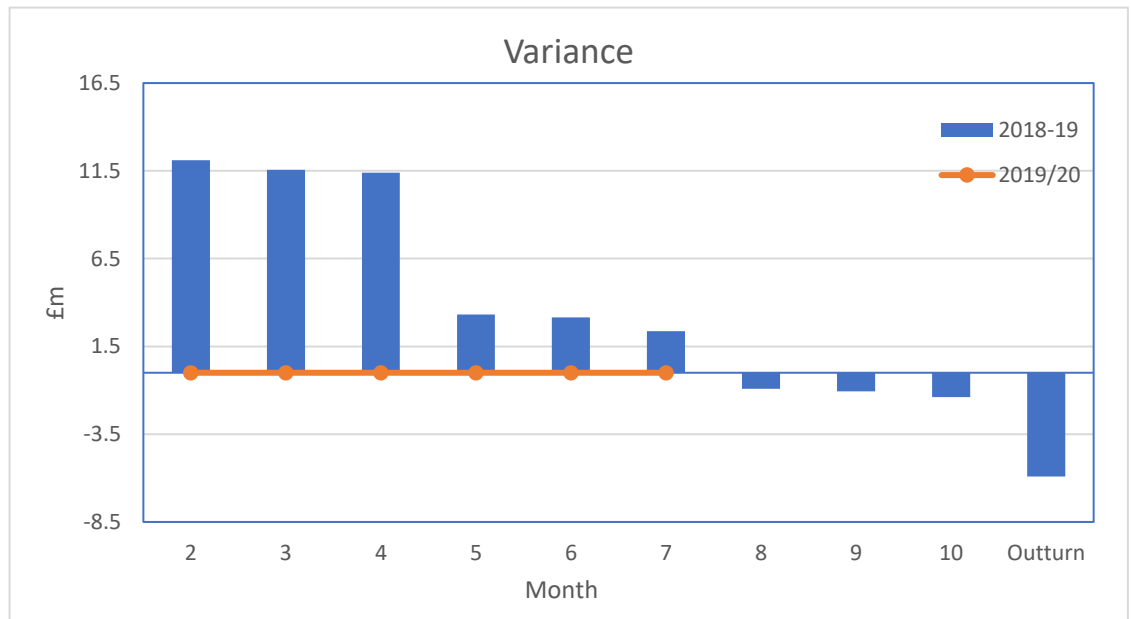
4.3.   The table showing the projected end of year position, and variances from agreed budgets, are set out in **Appendix A**. The paragraphs below offer short explanations of the major parts of those variances. As part of continuing improvements to financial management we will continue to review the format and content of this report to ensure that it meets current best practice and aids transparency.

4.4.   Key Variances

As part of the continual improvements to financial reporting, for the first time a summary table has been added to each service area narratives below to enable easy focus on variations. Any positive value is an adverse variation (either between month 6 and 7 or overall) that means the financial position has worsened and bracketed value is a favourable variation (either between month 6 and 7 or overall), meaning the financial position has improved.

4.5.   Adults Services: Net budget £126.082m, £0.360m projected adverse variance, adverse movement of £0.189m

	Budget £m	Projection £m	Variation £m	Month 6 Variation £m	Change £m
ASC Operations	76.188	76.028	(0.160)	(0.164)	0.005
Mental Health	15.027	16.019	0.991	0.881	0.111
LD Pooled Budget	81.336	81.225	(0.111)	(0.003)	(0.108)
Commissioning	(46.469)	(46.830)	(0.361)	(0.543)	0.181
Adults & Health	**126.082**	**126.441**	**0.360**	**0.171**	**0.189**

Net budget £126.082m, £0.360m projected adverse variance (0.29% of budget)
Adverse movement of £0.189m (0.15% of budget)

The Adults budget is projected to be overspent by £0.360m against the net budget of £126.082m. This is an increase of £0.189m from the position reported at Month 6. Although it is likely that a portion of the estimated reserve transfer will be used to offset this overspend in year, it does need to be noted that this pressure is ongoing.

4.5.1   Adult Social Care Operations

Main Variations and changes

	Variation £m	Change £m
Residential & Nursing	(0.673)	0.145
Domiciliary Care	1.411	(0.013)
Direct Payments	(0.162)	0.067
Staffing Costs	(0.612)	(0.243)
Community Equipment Service	(0.070)	0.040

Residential and Nursing placements are currently projecting an underspend of £0.673m for the year. This is mainly due to a reduction in the number of Nursing

placements being made when compared to 2018/19. The service has also reduced the number of Residential placements made in line with the promoting independence strategy.

One area of placements growth is short term placements which are projecting to be £0.367m higher than last year. These are also the main reason for the increase from Month 6 having increased by a further £0.100m. These placements continue to be used to the benefit of the system as a whole by speeding up discharges from hospital, and as a result the increase will be funded from the Winter Pressures Grant. Funding for this is held within the Commissioning budget which is noted later in this report.

In line with the promoting independence strategy our expectation is that we spend more in the community and despite capacity issues there is an overspend of £1.411m on care delivered in the Community. Spend is likely to be £1.686m higher than in 2018/19 (including inflationary increases) and is an area that will be focussed on when setting the budget for 2020/21.

As expected, there is an increase in the number of Direct Payments but the budget remains underspent by £0.162m.

The service continues to carry a large number of vacant posts and although recruitment is ongoing we are now projecting that the staffing budget will underspend by £0.612m, which is a further reduction of £0.243m from the position reported last month.

The Community Equipment budget is a pooled budget with the Clinical Commissioning Group and is current projected to underspend by £0.141m. This underspend is split 50/50.

4.5.2 **Mental Health**
Main Variations and changes

	Variation £m	Change £m
Residential & Nursing	0.595	0.191
Domiciliary Care	0.244	(0.014)
Supported Living	0.647	(0.033)
Staffing Costs	(0.517)	(0.026)

Residential and Nursing placements for people with a Mental Health assessment continue to be an area of demographic growth as highlighted in previous reports. These have added an additional £0.190m to the pressure since month 6 with an increase of 4 Residential placements. The overall pressure however is mainly down to increased Nursing provision throughout the year which accounts for £0.400m of the overspend. £0.195m relates to Residential placements. The Mental Health

transcription programme has plans in place to change the market offer with the goal of reducing the need for these placements longer term.

There is a projected pressure for Home Care of £0.244m despite the same capacity issues seen in Adult Social Care.

There has been a significant increase in the cost of Supported Living for Mental Health clients leading to an overspend of £0.647m. There are a net increase of 4 people receiving these services in 2019/20.

The service continues to carry a number of vacant posts and although recruitment is ongoing we are projecting that the staffing budget will underspend by £0.516m.

4.5.3 <u>Learning Disabilities Pooled Budget</u>

Main Variations and changes

	Variation £m	Change £m
Residential	(0.681)	(0.061)
Supported Living	0.631	0.061
Domiciliary Care	0.467	0.012
Direct Payments	0.045	0.102
Day Care	0.250	0.055
Discovery	(1.014)	(0.247)

The commissioning intentions of the service is to reduce the use of Residential placements for clients with a Learning Disabilities and this has led to an underspend of £0.681m.

The £0.631m overspend against Supported Living is partly driven by the change in commissioning noted above. Where appropriate the service is moving people from Residential Placements to live in their own homes.

There is a projected overspend of £0.467m for the Home Care budget due to increased number of people receiving a service this year. The number of people has increased from 160 at the end of 2018/19 to 167 at this time.

Learning Disabilities Direct Payments is now showing a small pressure of £0.045m following an increase of £0.102m. This is due to a net increase in the number of Direct Payment by 3 along with a number of amendments, one of which accounts for £0.032m of the increase.

Day Services is projecting a pressure of £0.250m which is an increase of £0.055m this month. The main reason for this increase is following the end of an Education

Residential placement where the person has gone home to live with family and is now in receipt of Day Services.

The final costs of the Discovery Tribunal are now known and total £0.810m including legal costs. In agreement with Discovery these will be funded from Transformation monies that are deemed surplus following submission of final plans for the transformation of Day Services so are not reported as a pressure in these figures.

4.5.4 **Commissioning**
Main Variations and changes

	Variation £m	Change £m
Commissioning Team	(0.152)	(0.054)
Central	(0.166)	0.181

The underspend of £0.152m in the Commissioning Team is as a result of vacancies and delays in appointing new posts.

The £0.166m underspend against the Central budget is mainly the Winter Pressures funding that is being used to offset the Interim placements pressure. The majority of the £0.181m change from month 6 is as a result of technical adjustments.

4.5.5   The overall Adults variance is net of an estimated £2.841m that will be requested at year end to be transferred to the Adult Social Care Resilience earmarked reserve. This is one off funding that has been accounted for in the 2020/21 MTFP, therefore it not able to be committed ongoing to the estimated overspend. However as noted at the start of this report it is likely that some will be needed to offset the projected overspend.

4.5.6   There are MTFP savings of £5.157m to be achieved during 2019/20. Of these £3.887m have already been fully achieved with the remaining £1.270m on track to be delivered throughout the year.

4.6   Children's Services: Net budget £83.464m, £2.006m projected adverse variance, adverse movement £0.238m

	Budget £m	Projection £m	Variation £m	Month 6 Variation £m	Change £m
Early Help	4.697	4.685	(0.012)	(0.174)	0.162
Fostering & Permanence	11.007	10.545	(0.462)	(0.497)	0.035
External Placements	18.834	20.623	1.789	1.891	(0.102)
Fieldwork	8.667	8.322	(0.345)	(0.474)	0.129
Disabilities	3.028	2.913	(0.115)	(0.020)	(0.095)
Safeguarding	1.710	1.712	0.002	0.006	(0.004)
Business Support	3.489	3.391	(0.098)	(0.059)	(0.039)
CLA	4.389	4.148	(0.241)	(0.301)	0.060
Leaving Care	2.578	3.001	0.423	0.343	0.080
Central	0.629	0.818	0.189	0.239	(0.050)
Commissioning	7.698	8.124	0.008	0.010	(0.002)
Improving Outcomes & Sufficiency	0.585	1.035	0.450	0.450	0.000
Inclusion	2.344	2.358	0.014	0.060	(0.046)
Home to School Transport	9.425	9.148	(0.277)	(0.311)	0.034
SEND Transport	4.384	5.065	0.681	0.605	0.076
Children's Services	**83.464**	**85.470**	**2.006**	**1.768**	**0.238**

4.6.1   External Placements: adverse £1.789m; movement: favourable -£0.102m

The projected cost of external placements has reduced by £0.102m, with a total overspend of £1.789m. Several young people have recently turned 18 and as part of developing independence moved into accommodation that no longer requires weekly financial support.

Following a review of the number of cases currently being discussed at the Multi-agency Complex Cases Needs Panel (MCCNP) the anticipated health contributions from partners has been revised down by £0.200m to reflect lower volume of contributions likely to be agreed.

4.6.2   Staffing: favourable -£0.728m; movement: adverse £0.288m

Staffing projections across Children's Social Care have increased this month by £0.288m. This includes payments required to retain specialist staff in the context of

increasing regional salary demands. An additional 4 posts have also been agreed in the Early Help service to support children returning from being missing across the county.

4.6.3   Transport: adverse £0.404m; movement: adverse £0.110m

The school transport budget is projecting an increase of £0.110m. Most of the increase is within SEND transport with an additional 10 children being transported, resulting in the commissioning of 6 new routes. This area remains a challenge owing to high budget volatility linked to increasing demand. The number of children that are eligible for transport is increasing in line with the number of children who have Education Health and Care Plans.

Management actions are in place to address the increasing demand and to focus on the development of new opportunities to reduce cost. The actions below are included in a SEN transport action plan which is subject to robust monthly monitoring:

- Placement and Travel (PAT) panel to be attended by Travel Officers to ensure full costs are incorporated into planning and sign off.
- Increase access to Independent Travel Training. This training is available for students aged 14 and over with a special educational need or disability who need help to travel independently to a school, college, resource base or work placement.
- Increase access to Personal Travel Payments (PTP) through identifying potential growth areas including support from within the community. A PTP is a sum of money paid to parents or carers of some children with Special Education Needs & Disabilities (SEND) who are eligible for free school travel. Having a PTP gives families the freedom to make their own decisions and arrangements about how their child will get to and from school each day.
- Roll out of further pick up points.
- Review of allocation of Personal Assistants in transport.

4.7.   Public Health: Net budget £0.586m, projected on budget movement; £nil

Public Health is projected to be on budget. This variance is net of an estimated £0.567m to be transferred to the Public Health Earmarked Reserve. This money will be used to fund Neighbourhoods Transformation in the following years and to provide a degree of future resilience given the uncertainty over long term funding for Public Health.

All savings have been fully achieved for 2019/20.

4.8. Economy Community and Infrastructure: Net budget £64.914m, -£1.016m projected favourable variance, favourable movement of -£0.422m

	Budget £m	Projection £m	Planned Use of CRF £m	Variation £m		Month 6 Variation £m	Change £m
Somerset Rivers Authority	0.973	0.647	0	(0.326)		0	(0.326)
LEP	2.909	2.443	0	(0.466)		0	(0.466)
Administering Bodies Total	3.882	3.089	0	(0.792)		0	(0.792)
Economic Development	2.444	2.961	(0.381)	(0.136)		(0.136)	0
Highways and Transport Commissioning	1.364	1.807	0	(0.443)		(0.371)	0.072
Major Programmes	0	0	0	0		0	0
Commissioning	0.995	1.065	(0.045)	(0.024)		(0.015)	0.009
Civil Contingencies	0.450	0.450	0	0		0	0
Leisure Management	0.100	0.100	0	0		0	0
Traded Services	3.632	3.723	(0.066)	0.025		0.023	0.002
Transporting Somerset	8.101	7.893	0	(0.208)		(0.012)	(0.195)
Infrastructure Programme Group	0.409	0.411	0	0.001		0.001	0.001
Highways	10.148	10.324	0	0.177		0.286	(0.110)
Business Support	0.720	0.719	0	(0.001)		(0.011)	0.011
Heritage	1.638	1.631	0	(0.007)		(0.007)	0
Traffic Management	1.136	1.043	0	(0.093)		(0.024)	(0.069)
Somerset Waste Partnership	28.302	27.058	0	(1.244)		(1.088)	(0.155)
SCC Waste	0.193	0.181	0	(0.012)		(0.011)	(0.001)
Strategic Property	5.283	5.187	(0.163)	(0.258)		(0.253)	(0.006)
ECI Services Total	**64.914**	**64.553**	**(0.655)**	**(1.016)**		**(0.575)**	**(0.442)**
ECI TOTAL incl SRA & LEP	**68.796**	**67.642**	**(0.655)**	**(1.809)**		**(0.574)**	**(1.234)**

Economic and Community Infrastructure (ECI) are forecasting a favourable variance of £1.016m for 2019/20. The major variations are explained below.

4.8.1 Property Services is projecting a £0.258m favourable variance. This is due to a delay in the sale of properties resulting in rental income for the year being higher than anticipated and an underspend in Facilities management as a result of staff vacancies and lower than budgeted office costs. There is a small favourable movement of £0.006m from month 6 due to additional income and staff vacancies.

4.8.2 Transporting Somerset is £0.208m underspent. The favourable movement of £0.195m from month 6 is as a result of updated projections for County Ticket following the receipt of final figures for uptake and payments to operators.

4.8.3 Highways and Transport Commissioning is projecting a £0.443m adverse variance. This is as a result of new urgent technical studies and additional staff to improve service levels in highways development management. The adverse movement of £0.072m from month 6 is due to an increase in temporary staff in Highways Planning and Liaison and Strategic Planning Teams and payment of the Sub National Transport Board contribution.

4.8.4 Highways is forecasting a £0.177m adverse variance. This is due to the Term Maintenance Contract rebate being lower than initially anticipated, a shortfall in Highway licence income and increase winter costs due to the early onset of adverse weather. The £0.110m favourable movement from month 6 is due to a decrease in projected highway lighting energy costs. The highways adverse variance is being closely monitored and a plan is in place to track and reduce this further. The variance has reduced by £0.279m since its highest point in month 4.

4.8.5 Traffic Management are forecasting a £0.093m favourable variance. The favourable movement of £0.069m from month 6 is a due to an increase in the projections for income from on street parking, it will be requested at outturn that this be put to the Parking earmarked reserve.

4.8.6 Somerset Waste Partnership is forecasting an £1.244m underspend. Tonnages to date are 3.5% less than budgeted. There has been a significant reduction in residual waste both at the kerbside and at recycling sites. Green waste has been higher, but this is the usual trend for this time of year. The movement of £0.155m from month 6 is due to projections being updated to reflect these reductions in tonnages. Volumes continue to be volatile and dependent on outside factors such as the weather.

4.8.7 Economic Development is projecting an adverse variance of £0.136m. This is due to the anticipated costs within Planning Control associated with enforcement appeals and reduced income because of continued staff vacancies in the service.

4.8.8 There are still a number of factors that could change forecasts including adverse weather and emergency costs and any upturn in waste volumes and transport costs (Concessionary Fares as a result of operator's data).

4.8.9 Economic and Community Infrastructure have £3.165m of savings for 2019/20. Of this £2.520m has been achieved and £0.645m is on track to be achieved by the end of the financial year.

4.8.10 **Accountable Bodies (LEP and SRA): Net budget £3.882m, -£0.792m projected favourable variance, favourable movement of -£0.792m**

The Local Enterprise Partnership (LEP) is projecting a favourable movement of -£0.326m from month 6 is as a result of the LEP updating forecasts following an in-depth budget review. It was budgeted that £0.973m of the LEP earmarked reserve would be used, however it is now anticipated that £0.647m will be required.

The Somerset Rivers Authority (SRA) is forecasting a favourable movement of -£0.466m. This movement from a balanced position at month 6 is due to delivery partners updating their expenditure forecasts. There has been slippage on a number of schemes meaning claims are now likely to be in 2020/21. It was budgeted that £0.361m of the SRA earmarked reserve would be used, however it is now anticipated that this not needed and will be returned to the reserve alongside an additional £0.105m.

4.9. Corporate and Support Services: Net Budget £21.143m, -£0.217m projected favourable variance, favourable movement of -£0.129m

	Budget £m	Projection £m	Planned Use of CRF £m	Variation £m		Month 6 Variation £m	Change £m
Chief Executive	0.238	0.236	0	(0.002)		(0.001)	(0)
Communications	0.282	0.304	0	0.022		(0.018)	0.040
Customers and Communities	3.070	3.144	(0.154)	(0.080)		(0.077)	(0.003)
Democratic Services	1.419	1.479	(0.010)	0.050		0.040	0.010
Legal Services	3.261	3.256	0	(0.006)		0.049	(0.054)
Finance	3.042	2.967	0	(0.075)		(0.075)	0
Commercial Advisory & Procurement	0.220	0.209	0	(0.010)		0.032	(0.043)
Business Support	0	0	0	0		0	0
Change	0.738	1.372	(0.634)	0		0	0
HR and OD	2.672	2.672	0	0		0	0
ICT	6.201	6.305	(0.220)	(0.116)		(0.038)	(0.079)
Total C&SS	**21.143**	**21.944**	**(1.018)**	**(0.217)**		**(0.087)**	**(0.129)**

Corporate and Support Services are forecasting a favourable variance of £0.217m for 2019/20. This is due to the following;

4.9.1 Commercial and Procurement is projecting an underspend of £0.010m. The favourable movement from month 6 of £0.043m is due to staff vacancy savings and an increase in contributions from the PFI schools. Included in the month 7 position is the favourable variance of £0.016m on the Building Schools for the Future reserve.

4.9.2 The Finance service is projecting an underspend of £0.075m, this is due to several staff vacancies within the service which are yet to be filled. The service may seek to either spend in the current year or carry forward a further anticipated underspend of £0.075m to invest in team development.

4.9.3 The ICT favourable variance now stands at £0.116m. This is as a result of underspends in transformation projects and increased income received by the service. This is a favourable movement of £0.079m from month 6 is as a result of reduced staffing costs and recharges for services.

4.9.4 Customers and Communities teams are forecasting favourable variance of £0.080m. This is due to staff vacancy savings of £0.110m offset in part by a shortfall in income and increased training costs. The favourable movement of £0.003m from month 6 is due to further staff vacancies.

4.9.5 Democratic Services are projecting an adverse variance of £0.050m, this is as a result of a shortfall of Partnership Governance funding and £0.035m of MTFP savings (Member allowances voluntary deduction, Partnership Governance income generation and Democratic Services demand management) that are unachievable. These savings are unachievable due to our continuation as the host authority. The adverse movement of £0.010m from month 6 is due to the increased projected spend on the Heart of the South West publicity and promotions.

4.9.6 Legal Services are forecasting a £0.006m underspend, a favourable movement of £0.054m from month 6. The movement from is due to a reduction in external costs and reduced support services costs as well as a projected underspend for the cost of the coroners' police officers.

4.9.7 The communications budget is projecting an £0.022m overspend, an adverse movement of £0.040m from month 6. This adverse movement is due to costs of planned campaigns and roadshows.

4.9.8 Corporate & Support Services have £3.574m of savings for 2019/20. Of this £3.207m has been achieved, £0.136m is on track to be achieved and £0.231m is currently unachievable. This is made up of £0.034m of unachievable savings within Democratic Services for income recovery and generation, £0.065m of unachievable savings in IT Services which are subject to change control, a £0.012m unachievable saving in Legal Services which is being reviewed and £0.120m unachievable savings in Commercial and Procurement for the review of fees and charges which is currently being considered as part of the change control process. A saving of £0.060m has already been identified to replace the fees and charges saving and is awaiting formal change control sign-off.

4.10. **Non-Service: Net budget £21.348m, -£1.398m projected favourable variance favourable movement of -£0.127m**

Pensions Deficit: favourable -£0.991m, movement; favourable -£0.127m

Following more detailed budget monitoring in month 7, a further favourable variance has been identified for the Pension Deficit costs for 2019/20 which has been calculated at £0.135m within Non-Service. Other minor movements have made up the difference reported.

4.11.   Trading Units: Net budget £0.000m, £0.417m projected adverse variance, movement £nil.

4.11.1   Dillington House: adverse £0.417m, movement; £nil

Dillington continues to forecast a deficit of £0.417m following the deep dive budget/performance review in Sept 2019. The adverse variance reflects revised projections of income levels across all areas of activity with income from weddings being much lower than budgeted. Further updates have been made by adjusting costs to reflect the reduction in activity.

There are positives with projected income from conferences, events and online B&B bookings being higher than the previous year. Actions have continued to take place to build on these positives in order to identify potential alternative revenue streams for 2019/20 and future years, such as hosting the Shindig Festival.

Adult Education is not projected to reach its stretch targets for this year but has exceeded previous years' income levels. Work is ongoing to develop a refreshed programme in 2020 to attract new business. We are taking advantage of the space in this year's programme to test new courses and market appetite.

Whilst weddings have been disappointing for this year (due to a vacancy in a key post during the relevant booking period), next year's wedding bookings are already 64% higher than the current year, with bookings and enquiries continuing.

An independent review is imminent to assess the revised business plan financial forecasts for the next 3 years and further independent support has also just been secured through the LGA Productivity Experts Programme. This will help to consider how Dillington can effectively deliver services as part of the County Council's portfolio.

4.11.2   Support Services for Education: Trading Surplus -£0.183m, adverse movement; £0.006m

Minor variations in the traded buyback have resulted in an adverse movement of £0.006m.

4.12.   Contingencies: Net Budget £6.550m, £0.151m projected notional allocation, movement of £0.272m

The 2019/20 budget included £7.226m in a corporate contingency to mitigate against the risk of unexpected in-year service pressures and or funding changes. This sum is now £6.550m following the agreed recommendation to transfer £0.498m to fund some of the pressure within Children's Services for SEN transport (as per July Cabinet

meeting) and the agreed recommendation to transfer £0.175m to fund the enhanced capacity and capability to aid Brexit preparations (as per September Cabinet meeting).

At this stage in the year it remains prudent for this contingency budget to be shown as fully committed. If no other pressures materialise during the remainder of the year the outturn position would be an overall favourable variance of £6.399m for the authority.

5.   Delivery of Savings

5.1.   The Financial Imperative approach, established to manage the preparation and delivery of MTFP continues to provide monthly assurance for the development, delivery and validation of savings plans.

5.2.   The different savings statuses are as follows:

- Red: This means that the saving has been identified as being at risk of delivery and plans to replace the saving have not yet been agreed via the change control process.
- Green: The saving is on track for delivery.
- Blue: The saving has been delivered.

5.3.   The following table (**Table 1**) shows a summarised breakdown of achievement of savings for 2019/20 as at 31st October 2019 and confirms that 99% of the proposals for change have been classified as having a green or blue status, meaning service directors are confident that these savings will be delivered or in the case of the blue savings, they have already been delivered. 1% of savings proposals have been classified as red meaning the savings are currently at risk or replacement savings have not been agreed through the change control process. The monitoring of the delivery of the savings across the three decision processes can be seen in **Appendix B.**

Table 1 – Revenue Savings 2019/20

Service	Agreed Savings £	Red (at risk) £	Green (on track) £	Blue (delivered) £
Adult Services	5,506,800	-	1,270,100	4,236,700
Children's Services	4,592,800	-	1,172,300	3,420,500
Corporate & Support Services	3,573,500	231,300	135,503	3,206,697
Economic & Community Infrastructure	3,165,300	-	645,400	2,519,900
Non-Service	4,708,800	-	-	4,708,800
Total	**21,547,200**	**231,300**	**3,223,303**	**18,092,597**
Percentage of Delivery		**1.07%**	**14.96%**	**83.97%**

6. Options considered and reasons for rejecting them

6.1. There is no alternative but to undertake effective and thorough budget monitoring to follow through with appropriate actions to address any variances.

7. Background Papers

7.1.
- 13th November 2019 Cabinet Month 6 (Qtr2) Budget Monitoring Report

Appendix A – Revenue Budget Monitoring (month 7) – Headline Summary Table

Service	Total Revised Budget	Adverse Variances (+)	(Favourable) Variances (-)	Month 7 Net Variance Adverse / (Favourable)		Month 6 Net Variance	Movement from Month 6
	£m	£m	£m	£m	%	£m	£m
Adult Services	126.082	4.889	(4.529)	0.360	0.003	0.171	0.189
Children's Services	83.464	8.352	(6.346)	2.006	0.024	1.768	0.238
Public Health	0.586	0.000	0.000	0.000	0.000	0.000	0.000
Economic & Community Infrastructure Services	64.914	2.990	(4.006)	(1.016)	(0.016)	(0.574)	(0.442)
Accountable Bodies (LEP/SRA)	3.882	0.000	(0.792)	(0.792)	(0.204)	0.000	(0.792)
Key Services Spending	**278.927**	**16.231**	**(15.673)**	**0.557**	**0.002**	**1.365**	**(0.807)**
Corporate & Support Services	21.143	0.654	(0.871)	(0.217)	(0.010)	(0.087)	(0.129)
Non-Service Items	21.348	0.706	(2.104)	(1.398)	(0.066)	(1.272)	(0.127)
Trading Units	0.000	0.417	0.000	0.417	0.000	0.417	0.000
Support Services & Corporate Spending	**42.490**	**1.777**	**(2.975)**	**(1.198)**	**(0.028)**	**(0.942)**	**(0.256)**
Corporate Contingencies	6.550	0.000	(0.151)	(0.151)	(0.023)	(0.423)	0.272
Total SCC Spending	**327.967**	**18.007**	**(18.799)**	**(0.792)**	**(0.002)**	**(0.000)**	**(0.791)**

Total Revised Budget = Revised budget after transfers between services, not affecting the total budget for 2019/20

Adverse variance = one that deteriorates the projected outturn position

(Favourable) variance = one that improves the projected outturn position

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Appendix B – Delivery of Savings Summary 2019/20

Savings agreed in February 2019 for 2019/20:

Service	Agreed Savings £	Red (at risk) £	Green (on track) £	Blue (delivered) £
Adult Services	3,389,000	-	1,270,100	2,118,900
Children's Services	1,701,000	-	98,300	1,602,700
Corporate & Support Services	2,955,900	185,000	85,503	2,685,397
Economic & Community Infrastructure	2,307,200	-	285,000	2,022,200
Non-Service	4,708,800	-	-	4,708,800
Total	**15,061,900**	**185,000**	**1,738,903**	**13,137,997**
Percentage of Delivery		**1.23%**	**11.55%**	**87.23%**

Savings agreed in September 2018 (MTFP2) for 2019/20:

Service	Agreed Savings £	Red (at risk) £	Green (on track) £	Blue (delivered) £
Adult Services	1,717,800	-	-	1,717,800
Children's Services	2,891,800	-	1,074,000	1,817,800
Corporate & Support Services	561,700	46,300	-	515,400
Economic & Community Infrastructure	842,400	-	360,400	482,000
Non-Service	-	-	-	-
Total	**6,013,700**	**46,300**	**1,434,400**	**4,533,000**
Percentage of Delivery		**0.77%**	**23.85%**	**75.38%**

Savings agreed in February 2018 for 2019/20:

Service	Agreed Savings £	Red (at risk) £	Green (on track) £	Blue (delivered) £
Adult Services	400,000	-	-	400,000
Children's Services	-	-	-	-
Corporate & Support Services	55,900	-	50,000	5,900
Economic & Community Infrastructure	15,700	-	-	15,700
Non-Service	-	-	-	-
Total	**471,600**	**-**	**50,000**	**421,600**
Percentage of Delivery		**0.00%**	**10.60%**	**89.40%**

ALL Combined Savings for 2019/20:

Service	Agreed Savings £	Red (at risk) £	Green (on track) £	Blue (delivered) £
Adult Services	5,506,800	-	1,270,100	4,236,700
Children's Services	4,592,800	-	1,172,300	3,420,500
Corporate & Support Services	3,573,500	231,300	135,503	3,206,697
Economic & Community Infrastructure	3,165,300	-	645,400	2,519,900
Non-Service	4,708,800	-	-	4,708,800
Total	**21,547,200**	**231,300**	**3,223,303**	**18,092,597**
Percentage of Delivery		**1.07%**	**14.96%**	**83.97%**