

**REPORT TO:** Policy and Performance Review Committee

**MEETING DATE:** 14 June 2017

**BY:** Depute Chief Executive – Partnerships and Community Services

**SUBJECT:** Guide to Scrutiny and Review

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## **1 PURPOSE**

- 1.1 To provide Committee with the opportunity to review the Guide to Scrutiny and Review.

## **2 RECOMMENDATIONS**

- 2.1 Committee is asked to note the content of the Guide to Scrutiny and Review and use it to guide its future work.

## **3 BACKGROUND**

- 3.1 The Council approved the Guide to Scrutiny and Review as a toolkit for use by the Policy and Performance Review and Audit and Governance Committees in October 2010. The Guide was prepared taking into account the views and comments of elected members as well as good practice from other councils. The Guide was reviewed in early 2012. A further review, taking account of changes and practice since the Guide was originally produced, has been carried out. A revised version of the Guide is appended to this report.

- 3.2 The Guide consists of sections on:

- Scrutiny at East Lothian
- The work programme
- Selecting topics for scrutiny and review
- Conducting a policy review
- Scrutiny techniques
- Making sense of performance data

It also includes appendices with background information, including the Best Value Toolkit, the remits of the Council's scrutiny committees and key questions for elected members.

- 3.3 The Guide will inform all elected member about how the scrutiny and review functions can be carried out by the Council's scrutiny committees. The Guide will assist the members of the Committees in carrying out their audit, scrutiny and review roles.

#### **4 POLICY IMPLICATIONS**

- 4.1 Rigorous scrutiny of the Council's achievement of Best Value by elected members is an essential part of the Council's governance arrangements. The Guide to Scrutiny and Review will assist elected members to fulfil their audit, scrutiny and review roles.

#### **5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

#### **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – None  
6.2 Personnel – None  
6.3 Other – None

#### **7 BACKGROUND PAPERS**

- 7.1 Guide to Scrutiny and Review, June 2017

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# **Guide to Scrutiny & Review**

**June 2017**

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## Introduction

Scrutiny is the term used to describe the way in which the performance, decisions and plans of the Council are examined by the Elected Members who are not part of the Cabinet. Scrutiny in its widest sense might also include audit, inspection and regulation. Although there is no set definition for what is meant by scrutiny, this Guide will provide some guidance on how it will be approached at East Lothian Council.

Numerous bodies perform some kind of scrutiny of local government, including Audit Scotland, Education Scotland, and the Care Inspectorate. These bodies provide 'external scrutiny'; equally important, if not more so, is the way that the Council scrutinises itself. Internal scrutiny by Elected Members has taken on much greater significance in recent years, following the Crerar Review (2007). The Review recommended that rather than rely on the results of external scrutiny exercises 'The primary responsibility for demonstrating compliance and performance should rest with service providers.'

**Rigorous scrutiny of the Council's achievement of Best Value by Elected Members is an essential part of the Council's governance arrangements, although it should not be conducted in a partisan manner. Audit, scrutiny, review of performance and policy review need not be done in a confrontational and oppositional way. As far as possible scrutiny should be a non-partisan, non-party political process. However, it is important to be aware, and accept that there remains a place for straightforward political opposition in the political arena of local government.**

Four principles that were developed by the Centre for Public Scrutiny<sup>1</sup> underpin the Council's approach to scrutiny:

1. Scrutiny provides 'critical friend' challenge to executive policy-makers and decision-makers
2. Scrutiny enables the voice and concerns of the public
3. Scrutiny is carried out by 'independent minded governors' who lead and own the scrutiny role
4. Scrutiny drives improvement in public services

The Council's scrutiny arrangements were developed taking into account the criteria for good practice in scrutiny as set out by Audit Scotland in its Best Value Toolkit for Governance and Accountability (see Appendix 1).

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<sup>1</sup> 'Overview and scrutiny in local government', Centre for Public Scrutiny

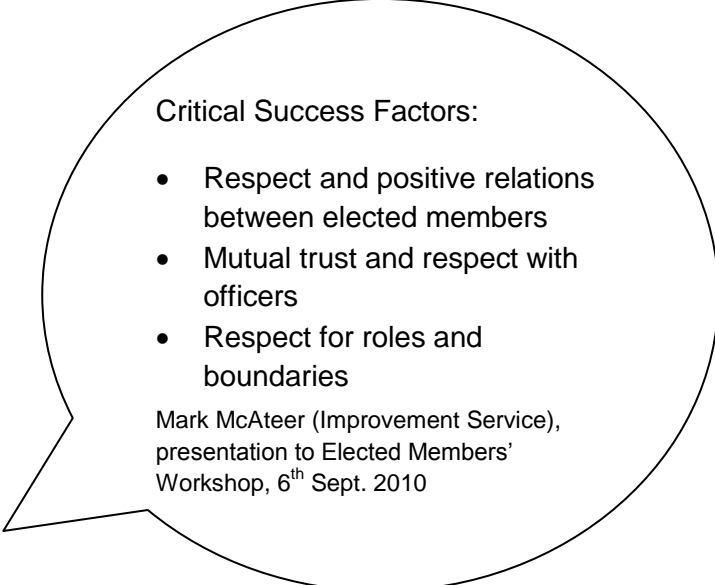
## 1. Scrutiny at East Lothian Council

East Lothian Council has three committees that perform the 'scrutiny' function: the Audit and Governance Committee, the Policy and Performance Review Committee and the Police, Fire and Community Safety Scrutiny Committee. Appendix 2 provides details of the remits of these committees.

The Audit and Governance Committee has responsibility for scrutinising the Council's approach to risk and corporate governance. It also considers reports on the work of the Council's Internal Audit service and reports from the external auditors and Audit Scotland.

The Policy and Performance Review Committee covers all matters relating to the performance of the Council's services. The work of the Committee focuses on the review of performance and considering report on matters of concern to the Committee seeking assurance that under-performance is being addressed. Members of the Committees will determine what items are included in the work plan with the help of the '*Selecting topics for scrutiny*' section of this guide.

The Police, Fire and Community Safety Scrutiny Committee scrutinises the performance of the Police and Fire and Rescue Services and other services that perform a community safety function in East Lothian. The Committee receives quarterly reports focussing on the performance of the Police and Fire and Rescue Services but will also consider reports on issues such as anti-social behaviour.



Critical Success Factors:

- Respect and positive relations between elected members
- Mutual trust and respect with officers
- Respect for roles and boundaries

Mark McAteer (Improvement Service),  
presentation to Elected Members'  
Workshop, 6<sup>th</sup> Sept. 2010

Responsibilities for decision making and for scrutiny are separated under the Council's Scheme of Delegation and executive decision making arrangements. Decisions are taken by the Cabinet and by Council, while decisions on certain matters relating to education are taken by the Council Committee for Education. Recommendations from any of the scrutiny committees may be referred to the Council, Cabinet or Education Committee for a decision to be made if necessary. The roles and responsibilities of elected members and council officers involved in scrutiny are detailed in Appendix 3.

Recommendations made by the scrutiny committees will be reported to the Cabinet or Council as appropriate if a formal decision is required to amend policy or practice. Alternatively recommendations will be made to the appropriate Head of Service if a decision falls within their delegated powers.

## 2. The Work Programme

The work of the scrutiny committees will be set-out in annual work plans. The Audit and Governance Committee's work plan will largely be governed by the Audit Plan and the annual cycle of audit reports. The Policy and Performance Review Committee's work programme contains a mix of on-going, regular items and items that have been selected for review by members.

The work programme of the Police, Fire and Community Safety Scrutiny Committee mainly consists of the quarterly performance reports presented by Police Scotland and the Fire and Rescue Service and reports requested by members on community safety issues.

### ***On-going regular items***

Some items will be reviewed on a regular annual or quarterly basis (e.g. external and internal audit plans, the annual accounts and quarterly performance monitoring reports); these will need to be factored into the programme at the appropriate intervals.

Regular items for scrutiny follow the annual planning and performance cycle with quarterly performance reports early in the second, third and fourth quarters and annual reports, if possible, at the end of the first quarter. Members will need to ensure that time is set aside in the work programme to allow for proper scrutiny of these regular items alongside specific policy reviews.

### ***Items that have met the topic selection criteria for policy review***

Some items for inclusion in the work programme will have passed through the topic selection criteria outlined previously. Topics that are identified as possible items for scrutiny through the selection criteria should be placed on to a reserve list to be periodically reviewed for priority and workload capacity.

Examples of annual work programmes for the Audit and Governance and Policy and Performance Review Committees are provided below.

## Example work programmes

The following tables are examples of how the work programmes for the scrutiny committees might look. The columns reflect the areas of responsibility of each of the committees to ensure that their work load is well balanced.

### Audit and Governance Committee Example Work Programme

Date	Internal Audit Reports	External Audit Reports	Accounts Commission/ Audit Scotland reports	Governance	Risk
15/09/15	Fuel Management Exceptional Needs Funding Fisheries Local Action Group Risk Management Internal Audit Progress Report	Draft Annual Report to Members  Statutory Performance Indicators			Service Risk Register
17/11/15	Schools Audit Waste Management Funding – Third Sector Organisations Employee Expenses Bad Debt Write-offs Internal Audit Follow-up Reports Internal Audit Progress Report			Treasury Management Mid-Year Review Report	Service Risk Register
19/01/16	Self-Directed Support – Children’s Wellbeing  Out of Authority Placements	ELC Audit Strategy and Plan		Council Improvement Plan Monitoring Report	Risk Management Strategy Update Service Risk Register



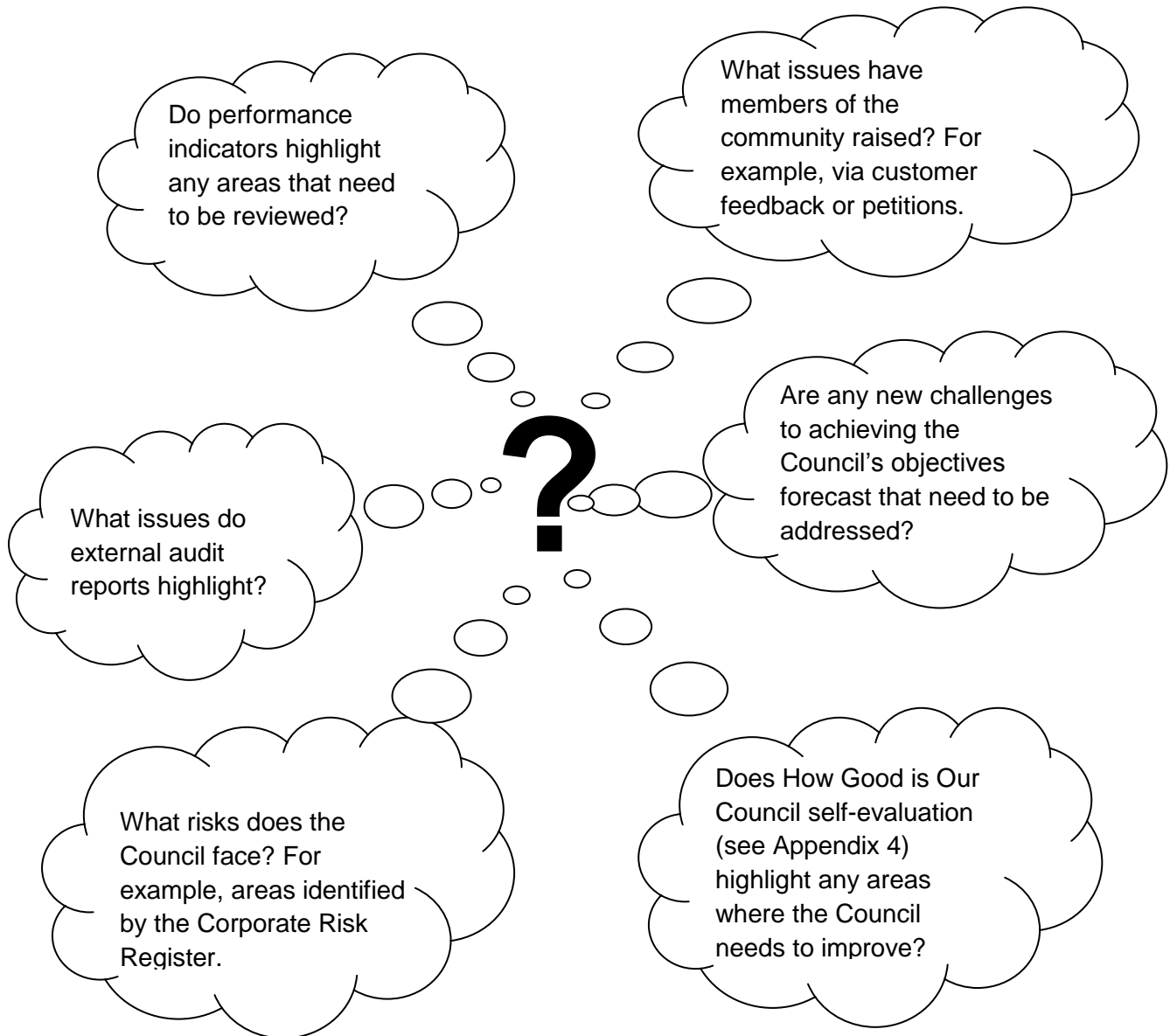
	<p>Section 75 Payments</p> <p>National Fraud Initiative</p> <p>Performance Indicators 2014/15</p> <p>Internal Audit Progress Report</p>				
22/03/16	<p>Housing Repairs – Shared Costs</p> <p>Universal Credit</p> <p>Contracts Audit</p> <p>Home to School Transport</p> <p>Internal Audit Follow-up Reports</p> <p>Internal Audit Progress Report</p> <p>Internal Audit Plan 2016/17</p>		<p>Health and Social Care Integration</p> <p>Changing Models of Health and Social Care</p>		Service Risk Register
17/05/16	<p>Payroll</p> <p>Council Tax</p> <p>Other Income</p> <p>Agency Staff</p> <p>Managing Capital Projects</p> <p>Internal Audit Progress Report</p> <p>Annual Internal Audit Report</p> <p>Controls Assurance Statement 2015/16</p>	Interim Management Report	<p>Overview of Scottish Local Government</p> <p>Major Capital Investments in Councils – Targeted Follow Up</p>	2016 Corporate Governance Self-evaluation/ Annual Governance Statement	Corporate Risk Register

### Policy and Performance Review Committee Example Work Programme

Date	Performance Monitoring/ Inspection Reports	Other Reports / Reports Requested by Members
21 <sup>st</sup> June 2016	Q4 Performance Indicators	Report on Fly-tipping Report on Literacy Levels (including writing and communications)
14 <sup>th</sup> September 2016	Q1 Performance Indicators Draft Annual Performance Report Social Work Complaints and Feedback Annual Report Customer Feedback Annual Report Adult and Child Protection Annual Monitoring Report	Report on Delayed Discharge
9 November 2016	Q2 Performance Indicators	Customer Service Report on Delivering and Siting of Core Paths and Cycle Ways Impact of Universal Credit on Rent Arrears
11 <sup>th</sup> January 2017	Local Government Benchmarking Framework Customer Feedback – six-month monitoring report	Developing a Young Workforce Update on Transformation Programme
8 <sup>th</sup> March 2017	Q3 Performance Indicators Adult and Child Protection – six-month monitoring report	Draft Legacy Report

### 3. Selecting Topics for Scrutiny and Review

Selecting topics to include in the work plan is an ongoing process. Some topics will be regular items, for example performance reports, while others will deal with a particular issue of particular interest to members. The following questions might help Members to identify potential topics for inclusion on the work plan.



Members may request reports from officers on the subjects chosen for scrutiny using a range of criteria including requiring further information on areas of concern or follow up reports updating members on progress with improvement actions to address poor performance.

Using a structured approach to determine subjects for scrutiny reports or review helps to avoid poor topic selection. Each potential topic for scrutiny should be subject to the same initial selection and rejection criteria.

Selection criteria	Rejection criteria
Improvements to services would be likely	The topic is already being addressed
High public concern shown through consultation	Scrutiny is unlikely to result in service improvements
Poor performing service	Matter is sub-judice or prejudicial to the Council's interests
Enhances the Council's priorities	The issue is more appropriately addressed by a body other than the scrutiny committees
High budgetary commitment	The objective cannot be achieved within given timescales
New guidance or legislation has recently been introduced	The subject is too broad to make a review realistic

The following subjects are examples of topics that have been the subject of reports or reviews carried out East Lothian's and other local authority's scrutiny committees:

- The role of the Council in tourism
- Attainment in 5<sup>th</sup> and 6<sup>th</sup> years
- Early intervention
- Asset management arrangements
- Management of Council house voids
- Carbon management
- The implications of demographic changes
- Delayed discharges
- Child protection services

Members need to be realistic in regard to the number of reports the Committee can consider within its work programme or structured reviews that the Committee will be able to undertake in any given year.

## 4. Conducting a Policy Review

Policy Review is the process of evaluating the effectiveness of a particular area of Council policy or service provision. These reviews are likely to hear evidence from key stakeholders and commission research or reports to understand how well policy is being implemented or how well services are being delivered.

Policy Reviews are generally conducted within a set timescale, often two or three meetings. Conducting a review over the course of more than one meeting allows lines of enquiry to develop and additional information to be provided if required.

Advanced planning is essential to the success of any policy review. Officers will require time to prepare any evidence or reports and stakeholders will need prior notice if Members would like them to attend a meeting. Policy Review exercises need to be well planned and should be included as part of the work programme.

When planning a policy review exercise members might like to consider the following:

### **1. Identifying the objectives and key issues**

What do we want to achieve and what are the main issues that need to be addressed in order to achieve the objective?

### **2. Establishing the timeframe of the review**

The overall timeframe of the review will need to be established and added to the work programme.

### **3. Outlining the stakeholders and evidence required**

What evidence is required to achieve the outcomes, and who needs to be called as a witness?


### **4. Considering the lines of enquiry**

Once the objectives and the key issues have been decided, lines of enquiry should be determined to help focus the review and enable a consistent approach to a topic across meetings. Are you clear about the issue or problem and why it is the subject of the review and what are the terms of reference of the review?

Appendix 5 includes some specific key questions identified by Audit Scotland as part of their 'Overview of Local Government in Scotland'. The questions reflect areas of concern that are common across Local Government in Scotland. Members are encouraged to consider the relevance of these questions to any scrutiny work they undertake.

Scrutiny committees are encouraged to involve relevant stakeholders in policy reviews. Stakeholders can provide useful expertise and knowledge, while hearing directly about the experience of service users can provide a helpful reality check.

The needs of different stakeholders should be considered when planning their involvement in a review. Not all stakeholders will be comfortable, or able, to attend a meeting, therefore consideration should be given to whether their evidence can be provided by other means if necessary.



‘Service users are experts on what it feels like to use a service and involving them in scrutiny is essential to focus service improvements on their needs.’

(‘User focus in the scrutiny of public services’, Consumer Focus Scotland)

### Which stakeholders might we involve?

Group	Examples
Service Users	East Lothian Tenants and Residents Panel (ELTRP) Parent’s Councils
Community Groups	Area Partnerships Community Councils Local business associations
Partners	Police Fire & Rescue Service NHS STRIVE Skills Development Scotland Edinburgh College
‘Experts’	Academics Improvement Service SOLACE COSLA Professional associations

Before concluding a Policy Review the Committee should invite the relevant Head of Service, portfolio holder and/ or Council Leader to discuss the draft findings and recommendations.

## 5. Scrutiny Techniques

Members might find some of the following techniques and tips useful when conducting policy reviews or scrutinising performance information.

### Questioning styles – good practice

#### Open questions

Open questions encourage respondents to talk and expand upon the issue. Open questions allow respondents to describe a situation in their own words. The key prefixes for an open question are 'What?', 'How?' and 'Why?' Examples include:

- What do you consider the service does well?
- How did you establish x as a priority for the service?

Open Questions can also be formed through phrases such as:

- Tell me about a time when...
- Explain to me how you...

Using open questions can form a basis for asking further probing questions based on the answer to the initial question. For example:

- You say that you did... can you give me an example of how you carried that out?
- I was interested to hear you say... can you tell me more about that?

#### Hypothetical questions

Asking hypothetical questions can help to test out ideas for recommendations and can also be useful in obtaining evidence. For example:

- If x were possible how would this change your strategy?

#### Behavioural questions

Behavioural questions can help to get evidence of how an organisation might carry out a task in future by using examples of past behaviour. For example:

- What process has the organisation used in the past to achieve the outcome?

## **Questioning styles – try to avoid**

### **Closed questions**

Closed questions are those that can be answered in a single word. While closed questions can be useful in clearing up points of fact, they are unlikely to yield much further information.

- Does your organisation do x?

### **Leading questions**

Leading questions make it clear to the respondent what answer is expected and are unlikely to yield genuine answers. For example:

- We know from experience that x works, what is your experience of x?

Asking a question in this format makes it very difficult for the respondent to give an honest answer.

### **Double-headed questions**

Double-headed questions ask more than one question at a time. Double-headed questions can either confuse the respondent, or ensure that the respondent answers only the part of the question that they are comfortable with. Both questions might be valid lines of enquiry, but it would be more productive to ask them separately:

- If your organisation has the responsibility to do x how is this measured, and how does x fit into the national strategy?

### **Multiple choice questions**

Multiple choice questions offer a number of possible answers, but do not ask for any real explanation. For example:

- Do you believe that x, y, or z is the best way forward?



## 6. Making Sense of Performance Data

A key role of the Policy and Performance Review and the Police, Fire and Community Safety Scrutiny Committees is to monitor, comment on and make recommendations based on quarterly and annual reports of performance.

East Lothian Council’s performance reports contain the following features (Police and Fire and Rescue services performance reports will be presented in different ways):

### Trend arrows

Trend arrows show whether performance has improved, worsened, or stayed the same in comparison to the previous period (i.e. the previous quarter, month or year depending on how frequently the indicator is reported).

### Key to symbols

no change	↔ Little or no change (less than 4% variation)
red down	↓ Worsening performance (Indicator aim: HIGH)
red up	↑ Worsening performance (Indicator aim: LOW)
green down	↓ Improving performance (Indicator aim: LOW)
green up	↑ Improving performance (Indicator aim: HIGH)

### RAG (Red, Amber or Green) status

The RAG status is designed to show whether an indicator is exceeding its target, in which case it would be green ■, slightly below target (amber) ■, or significantly below target (red) ■.

### Graphs

Bar chart



Line chart



Graphs are used to show the long-term trend for an indicator. While the trend arrows show whether an indicator has improved or worsened since the last period, graphs can provide further context to help understand performance. Graphs show whether any changes in performance are a short-term blip, or are the result of a long-term trend.

**Comments**

Each indicator includes explanatory comments that are provided by the officer responsible for collating the measure. The comments section should explain the reasons why the indicator has improved, worsened or stayed the same.

**What to look for in a performance report**



The indicator has improved since the previous quarter, in which performance dropped below the long-term average.

Period	Actual	Target	RAG	Comment
Q4 09/10	80.00	85.00	↑	The winter weather conditions through January/February and the rainfall/storms and flooding during March and the resultant increase in the deterioration of the road network meant that additional resources had to be deployed to achieve the 80% level.

The comment explains that the reason for the dip in performance was exceptionally bad weather.

**Questions to ask when considering performance data:**

These are some questions you should think of asking when considering performance data:

- What information could I do without?
- Is the information easy to understand?
- Can I interpret what the key messages are?
- Would a different method or presenting help me interpret the information?
- Do I challenge officers to explain the information?
- Do I challenge officers to provide missing information?

### **Using the performance indicators**

Performance indicators should be used to identify areas for further investigation and review. For example, the indicator outlined above shows that performance dipped because of severe weather. In this instance Members might like to consider what the impact is upon the Service of deploying the additional resources necessary to improve performance. Members could also seek to understand the likelihood of this situation occurring again and how the Service might prepare for that eventuality.

Individual performance indicators should be considered in conjunction with contextual information. Rarely will an individual indicator adequately describe performance on its own. Other sources of information that could be used in conjunction with an indicator might include other performance indicators, previous committee reports and customer feedback.

## Appendix 1: Best Value Toolkit – Governance and Accountability

Audit Scotland has outlined what constitutes good practice in scrutiny as part of their Best Value Toolkit on Governance and Accountability. The Toolkit forms one part of a set of documents that clarify the criteria against which Councils will be judged as part of Best Value Audits.

### BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY

	Basic practice	Better practice	Advanced practice
<b>5. How well do challenge, scrutiny and review processes ensure a range of informed views are sought and actively considered to aid decision making and improvement?</b>			
<b>5.1 How effective, objective and transparent is the scrutiny and challenge of decisions and policies?</b>	<p>There is sufficient opportunity for objective challenge and questioning of decisions by members before they are taken or confirmed, built into policy development and decision making processes. There is a process to challenge and rethink decisions in exceptional circumstances.</p> <p>Some member challenge to policy or decisions takes place. It incorporates a dispassionate exploration of issues, alongside any challenge to decisions on grounds of politics or principle.</p> <p>The nature and extent of the scrutiny and challenge that has taken place is transparent.</p>	<p>The organisation regularly reviews how effectively it scrutinises decisions, making continuing improvements to processes and support for members.</p> <p>Independent members actively challenge key decisions before they are taken or confirmed in an, objective and constructive manner. This scrutiny is treated seriously by decision makers, with time taken to explore the issues raised.</p> <p>Scrutiny processes are structured and well managed as part of a systematic approach. Challenge is focussed on significant issues and does not unduly delay decisions.</p>	<p>Effective, objective and transparent scrutiny and challenge of policy development and decision making is embedded in the organisation's culture and ways of working.</p> <p>Members and senior officials that are responsible for decision making actively seek informed and constructive challenge, value and respond positively to this.</p> <p>Members and senior officials routinely challenge each other in an objective, effective and open manner – achieving an appropriate balance between challenge and timeliness of decision making.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>5.2 How effective, objective and transparent is scrutiny of the organisation's performance and the effectiveness of its policies and procedures?</b>	<p>There is sufficient opportunity for members to review and objectively challenge the performance of the organisation and the implementation of policies and decisions through:</p> <ul style="list-style-type: none"> <li>• ongoing monitoring of quality, performance, implementation and management processes</li> <li>• post implementation reviews of policies and improvements.</li> </ul> <p>Time is set aside on agendas for this purpose and members are provided with appropriate and objective reports.</p> <p>Some challenge takes place, including questioning of responsible senior officials about important aspects of performance and management effectiveness.</p> <p>The nature and extent of the scrutiny and challenge that has taken place is transparent.</p>	<p>The organisation regularly reviews how effectively it scrutinises performance, making continuing improvements to processes and support for members.</p> <p>Scrutiny is led by independent members who take a constructive and objective approach. Senior officials are held to account in a meaningful way, and are open and helpful in their response to questioning.</p> <p>Challenge is based on objective sources of evidence and effort is targeted at significant issues related to the priorities and the overall objectives of the organisation.</p> <p>Scrutiny leads to the identification of areas for improvement. Members responsible for scrutiny follow-through to make sure appropriate action is being taken and whether it has been effective. They report their activity and significant exceptions to all members.</p>	<p>Effective, objective and transparent scrutiny of performance is embedded in the organisation's culture and ways of working.</p> <p>Members and committees that lead and undertake performance scrutiny functions are well supported and respected. They have a clear understanding of the issues and aspects of performance that are important to the success of the organisation, and robustly challenge and hold to account in these areas.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>5.3 How effective is the Audit committee?</b>	<p>An audit committee has been established and meets regularly. Its remit and operation meets the minimum applicable standards for the organisation. It has the right to report to and be heard by all members.</p> <p>An appropriate focus is given to the risk management, internal control and financial management &amp; reporting.</p> <p>Internal and external auditors attend meetings and submit reports summarising their plans and the results of their work.</p>	<p>The audit committee regularly reviews its own performance against best practice and takes action to continuously improve its effectiveness. It reports annually to all members and can demonstrate good performance.</p> <p>The committee specialises in scrutiny of risk management, including the effectiveness of financial management and reporting. Wider scrutiny of performance is dealt with elsewhere.</p> <p>At least one member of the committee has recent financial experience.</p>	<p>The audit committee's role is well understood and valued across the organisation. It is seen as apolitical and authoritative.</p> <p>Members of the committee are well informed, and skilled in effective challenge and open discussion. They are able to confirm to other members that the right processes are in place to give confidence that financial stewardship and overall governance arrangements can be relied upon.</p>
<b>5.4 How well does the Internal audit function provide assurance to management on the integrity of the organisation's corporate governance framework and identify areas for improvement?</b>	<p>The organisation has established an internal audit function with sufficient status and resources to review and report on key aspects of the system of internal control.</p> <p>The Internal Audit function complies with relevant minimum standards and the head of internal audit has unfettered rights of access to members and senior officials.</p>	<p>The Internal Audit function maintains a recognised quality accreditation, actively reviews its own effectiveness, and continuously improves.</p> <p>The Head of Internal Audit respected and authoritative, and is consulted on governance and internal control arrangements for new and existing business initiatives during the development phase.</p>	<p>The internal audit function can demonstrate the highest standards of performance. The value and impact of its work is recognised by all members and senior officials.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>5.5 How effective is the organisation's annual review of its overall corporate governance arrangements?</b>	<p>The organisation completes an annual review of its corporate governance arrangements that meets the relevant minimum standard. It publishes details of this review in line with requirements placed on it.</p> <p>The review is informed by the work of internal audit, the audit committee and reports from external auditors and the conclusions are consistent with this.</p> <p>The review is effective in identifying significant concerns and action is taken to address these.</p>	<p>An annual governance statement is published, summarising the extent of and conclusions from a review of the effectiveness of the system of internal control.</p> <p>It is underpinned by a robust approach to review and is signed by the most senior member and most senior official on behalf of the organisation.</p> <p>No significant control weakness exist. The review process is itself reviewed regularly.</p>	<p>The overall review of governance is underpinned by ongoing review of control frameworks operated across the organisation and any subsidiaries.</p> <p>Senior officials are committed to an effective review of internal control in their own areas of responsibility. They show an understanding of the nature and value of the control framework and act promptly to address any areas of concern.</p>
<b>5.6 How well does the organisation respond to external review and scrutiny?</b>	<p>Relevant staff engage constructively and professionally with external auditors and other scrutiny bodies, making genuine attempts to answer questions and provide evidence that is requested.</p> <p>Reports by external auditors and other scrutiny bodies are considered by relevant members and senior officials, and action is taken to address any significant issues that are raised.</p> <p>Where external scrutiny identifies any significant areas of concern or weakness, members and senior officials engage with the relevant scrutiny body to better understand how to address the issues raised.</p>	<p>The organisation engages meaningfully with external audit and other relevant scrutiny bodies about their plans, providing views on where external reviews would add most value alongside internal review and improvement activity.</p> <p>The views and support of external auditors and inspectors are sought in relevant circumstances, and members and senior officials display a real understanding of their role and remit.</p> <p>The organisation systematically considers the wider implications of significant issues raised in external reports (for example whether similar concerns exist in other areas of the organisation).</p>	<p>The organisation systematically reviews the findings and conclusions of reports about other organisations and any national or cross-cutting reports, to considering potential implications for it and opportunities to apply best practice.</p> <p>Members and senior officials value the independent challenge and assurance provided by proportionate and risk based scrutiny activity. They respond to this in a manner that strengthens the organisation's own review and improvement activity.</p>

## Appendix 2: What do the scrutiny committees do?

### Audit and Governance Committee

#### *Audit responsibilities*

##### *1. Risk and Internal Controls*

- (a) Promote Council policy on risk management by reviewing the delivery of the Risk Management Strategy, reviewing the business and strategic risk assessment arrangements and procedures and the Corporate risk Register;
- (b) Promote, review and monitor internal controls, financial and otherwise, within the Council in order to provide reasonable assurance of the effectiveness and efficiency of operations and compliance with relevant statutes, directions, guidelines and policies;
- (c) Develop an anti-fraud culture within the Council to ensure the highest standards of probity and public accountability;
- (d) Approve the annual Internal Audit assurance report and the statement of internal controls for inclusion in the annual accounts.

##### *2. Review of Audit Functions*

- (a) Determine the scope of the annual audit plan and ensure it is directed in accordance with the approved business risk assessment;
- (b) Examine and review the External Audit Planning Memorandum and review the overall performance with regard to quality, productivity and the fees charged;
- (c) Review the activities of the Internal Audit function and monitor overall performance in terms of quality, productivity and effectiveness;
- (d) Ensure that the Internal Audit function is sufficiently resourced to provide a systematic review of internal controls and a full assessment of significant investigations;
- (e) Examine Internal and External Audit reports, and ensure weaknesses identified are adequately addressed by management and recommendations are actioned;
- (f) Ensure that there are effective relationships between Internal and External Audit and inspection agencies, and that the value of the audit process is actively promoted.

##### *3. Financial Matters*

- (a) Review the Council's financial performance as contained in the annual statement of accounts;
- (b) Review the audit certificate/wording of any matters reported;
- (c) Review the annual report to Members from the External Auditor;
- (d) Review the implementation of audit recommendations;
- (e) Ensure that issues raised in previous financial years have been addressed.
- (f) Review and monitor treasury management arrangements



### ***Governance responsibilities***

4. *All matters relating to the performance of the Departments and Council as a whole, including, but not limited to:*

#### *Community*

- Strategic vision and direction setting by Members
- Integration of strategic vision, direction and Community Planning priorities and actions into internal planning mechanisms
- Public performance reporting and public accountability
- Transparency of decision-making processes
- Consultation and communication with communities

#### *Service Delivery Arrangements*

- Corporate planning approach and performance against corporate actions and targets, including financial position and performance and asset management
- Performance management system and corporate performance information monitoring
- External scrutiny/assessment recommendations and resulting action planning
- Management of joint working
- Best Value reviews and option appraisal
- Contracting issues

#### *Structures and Processes*

- Monitoring of decision-making structures and mechanisms
- Monitoring of policy development and implementation
- Clarity of key roles and responsibilities

#### *Governance*

- Corporate Governance
- Annual Governance Statement

## **Policy and Performance Review Committee**

### **Remit and Powers**

All matters relating to the performance of all the Council's services including, but not limited to:

- Vision and direction setting by members
- Integration of vision, direction and Community Planning priorities and actions into internal planning mechanisms (including Service Plans)
- Mechanisms and Initiatives for Improvement (e.g. Benchmarking)
- Public Performance Reporting and public accountability
- Consultation and communication with communities
- Planning and performance against actions and targets including financial position and performance, priority/risk based resource management and asset management
- Mainstreaming of equality issues and sustainable development
- External scrutiny/assessment recommendations and resulting action planning
- Management of joint working
- Best Value reviews and option appraisal
- Contracting issues
- Scrutiny of policies identified through an annual work plan or other aspect of its work

## **Police, Fire and Community Safety Scrutiny Committee**

### **Remit and Powers**

The following business and functions are delegated by the Council to the Community Safety Committee:

- To carry out scrutiny of the performance of the Police and Fire & Rescue services in East Lothian with specific reference to each organisations' Local Plan.
- To receive and comment on local quarterly performance reports from Police Scotland and the Scottish Fire & Rescue Service.
- To engage in the development of Police Scotland and the Scottish Fire & Rescue Service Local Plans.
- To consider and respond to national level strategy and policy discussions of Police Scotland and the Scottish Fire & Rescue Service.
- To scrutinise and monitor the Service Level Agreement between the Council and Police Scotland
- To receive and comment on reports on the performance of any other services performing a community safety function in East Lothian.

## Appendix 3: Roles and responsibilities

### Conveners of Scrutiny Committees

- Chairing the Committee, co-ordinating its activities and taking a lead role in its work
- Providing leadership in relation to monitoring the Council's strategies, performance and service delivery and contribute to the effective governance of the Council
- Giving direction to senior officers of the Council in respect of matters within the remit and powers of the Committee
- Contributing effectively to the Council's scrutiny, policy and performance review processes by ensuring the questioning of relevant officers on the strategies, policies and performance of the Council and its service
- Encouraging and supporting participation and debate by all other committee members and ensuring that they contribute effectively to the work of the Committee
- Ensuring adequate scrutiny of reports from the Council's auditors and Audit Scotland on Council performance
- Identifying cross-cutting issues and ensuring a corporate approach to scrutiny in these areas
- Ensuring that effective working relationships with all councillors, officers and relevant partner organisations are developed and maintained
- Leading on the selection of witnesses to policy and performance reviews and determining whether evidence is to be given orally or in writing
- Leading on determining a timetable for the Committee's work

### Members of the Committees

- Selecting topics for scrutiny and policy review
- Participating constructively in the activities of the Committee
- Determining which stakeholders they would like to attend the meetings
- Examining the basis on which major decisions are taken and ensure that they are consistent with Council policy
- Monitoring the effect of national legislation on the Council
- Holding councillors and officers to account in respect of their implementation of Council policy
- Investigating the quality and performance of services provided by the Council
- Engaging with members of the public and key stakeholders to inform areas of scrutiny work
- Making recommendations for improvement to Council / Cabinet

### Committees Section

- Preparing and arranging meeting rooms and facilitate meetings
- Determining dates and deadlines for meetings

- Producing minutes and notes of meetings and meeting agendas

### **Corporate Policy & Improvement unit**

- Preparing performance reports
- Providing reports and advice on corporate planning
- Reporting upon the Council Improvement Plan

### **Services**

- Providing reports as requested by the Committees
- Attending Committees to assist with their enquiries when requested
- Accounting for relevant performance indicators

### **Stakeholders**

- Members of the public, including service users, and representatives of partner organisations can be invited to attend the scrutiny committees to assist members in their work by giving evidence and taking part in the discussion and consideration of topics

## Appendix 4: How Good is Our Council?

'How Good is Our Council?' is a means of evaluating five essential elements that should characterise the quality improvement systems of the Council. Self-evaluations are conducted by a cross-section of staff drawn from the service being evaluated. Services are asked to evaluate themselves against a series of questions that relate to the elements outlined below:

Key Questions				
What key outcomes have we achieved?	How well do we meet the needs of stakeholders?	How good is our delivery of key processes?	How good is our management?	How good is our leadership?
<p>1. Key Performance Outcomes</p> <p><i>1.1 Improvement in Performance</i></p> <p><i>1.2 Adherence to statutory principles and fulfilment of statutory duties</i></p>	<p>2. Impact on service users</p> <p><i>2.1 Impact on service users</i></p> <p>3. Impact on staff</p> <p><i>3.1 Impact on staff</i></p> <p>4. Impact on the community</p> <p><i>4.1 Impact on the local community</i></p>	<p>5. Delivery of key processes</p> <p><i>5.1 Delivering services</i></p> <p><i>5.2 Developing, managing and improving partnerships and relationships with service users and other stakeholders</i></p> <p><i>5.3 Inclusion, equality and fairness</i></p> <p><i>5.4 Improving the quality of services to stakeholders</i></p>	<p>6. Policy Development and planning</p> <p><i>6.1 Policy review and development</i></p> <p><i>6.2 Participation of service users and other stakeholders</i></p> <p><i>6.3 Planning</i></p> <p>7. Management and support of staff</p> <p><i>7.1 Sufficiency, recruitment and retention</i></p> <p><i>7.2 Deployment and teamwork</i></p> <p><i>7.3 Development and training</i></p> <p>8. Resources</p> <p><i>8.1 Partnership working</i></p> <p><i>8.2 Financial management</i></p> <p><i>8.3 Resource management</i></p> <p><i>8.4 Information systems</i></p>	<p>9. Leadership</p> <p><i>9.1 Vision, values and aims</i></p> <p><i>9.2 Leadership and direction</i></p> <p><i>9.3 Leading people and developing partnerships</i></p> <p><i>9.4 Leadership of innovation, change and improvement</i></p>

The key questions are used in conjunction with an evaluation scale of six levels. The levels are:

Level 6: Excellent	Outstanding, sector leader
Level 5: Very Good	Major strengths
Level 4: Good	Important strengths with areas for improvement
Level 3: Adequate	Strengths just outweigh weaknesses
Level 2: Weak	Important weaknesses
Level 1: Unsatisfactory	Major weaknesses

The assessment of which level the Service has achieved is mainly based upon qualitative judgements. However, guidelines are provided to ensure some degree of consistency, for example:

“An evaluation of excellent applies to provision which is a model of its type. The experiences of, and outcomes achieved by, service users are of very high quality. An evaluation of excellent represents an outstanding standard of provision which exemplifies very best practice and is worth disseminating beyond the Council. It implies these very high levels of performance are sustainable and will be maintained.”

High performing services will:

- Articulate clearly the desired outcomes for people who use our services
- Set challenging targets and improvement objectives for achieving successful outcomes for everyone who uses our services
- Have, within and across services, effective arrangements for evaluating systematically and rigorously whether successful outcomes are being achieved
- Ask demanding questions about the performance of Services and the Council itself
- Use the information from evaluation to make continuous and sustained improvements to achieve successful outcomes; and
- Clarify leadership and accountability roles for achieving improved outcomes

Departmental management teams provide external challenge to, and validation of, the self-evaluation results for each service. This approach also complements the proposed national shift to ‘Assisted Self-Evaluation’ that has resulted from the Crerar Review. Using Assisted Self-Evaluation staff will lead the process, although inspectors assist and, crucially, challenge performance and practices.

## Appendix 5: Key questions for elected members (An Overview of Local Government in Scotland 2009)

<p>Longer-term planning</p>	<ul style="list-style-type: none"> <li>• To what extent are we planning for beyond the current year taking into account financial projections and other intelligence?</li> <li>• How robust are plans to achieve the savings required to meet our priorities?</li> <li>• To what extent do we have a clear plan for achieving the most appropriate size of workforce and skills needed to deliver our goals?</li> <li>• To what extent do we have a clear plan for ensuring that expenditure and investment in our asset base achieves value for money and most appropriately supports the delivery of our goals</li> </ul>
<p>Decision-making and prioritisation</p>	<ul style="list-style-type: none"> <li>• How clear are we about the priorities of local people?</li> <li>• How good is our information on performance and the costs of providing different levels and quality of services to assist us in setting priorities and taking decisions?</li> <li>• What action are we taking to prioritise spending?</li> <li>• How aware are we of the relative risks and rewards associated with our decisions, and how well placed are we to manage identified risks?</li> </ul>
<p>Outcomes</p>	<ul style="list-style-type: none"> <li>• To what extent are we considering the impact of the recession on our service outcomes and our commitments in our Single Outcome Agreement?</li> <li>• How are we comparing our service outcomes with others, for example by benchmarking?</li> <li>• What evidence do we have that our service outcomes represent best value?</li> </ul>
<p>Keeping informed</p>	<ul style="list-style-type: none"> <li>• How well are we kept informed of the impact of the recession on our finances and service performance?</li> <li>• How effectively are we monitoring and planning for changes in demand for services?</li> <li>• Are our training and development needs fully addressed?</li> </ul>
<p>Working with others</p>	<ul style="list-style-type: none"> <li>• How well are we working with our partners and/or neighbours to deal with pressures caused by the recession?</li> <li>• Are we exploring all possible options for the delivery of local services?</li> <li>• What quantifiable efficiencies or improvements are resulting from working with others?</li> </ul>