

Scrutiny, performance and improvement: the road to excellence

What corporate assessments tell us about overview and scrutiny



The Centre for Public Scrutiny

The Centre for Public Scrutiny promotes the value of scrutiny in modern and effective government, not only to hold executives to account but also to create a constructive dialogue between the public and its elected representatives to improve the quality of public services. The CfPS want to enhance public understanding of what scrutiny means, why it matters and how it can be successful. The CfPS supports effective scrutiny by bringing people together, developing networks and disseminating research to share imaginative practice across the country.

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Foreword

Jessica Crowe

Executive Director, Centre for Public Scrutiny



Since the 2000 Local Government Act, the overview and scrutiny function's contribution to and relationship with performance in local authorities has been debated. Is it a necessary component of a high-performing council, enhancing the performance management and innovation needed for continuous improvement? Or is it a luxury that only the 'excellent' can afford to spend time and resources on, once they have sorted out important service issues?

This research report from CfPS provides some answers to these questions about scrutiny, performance and improvement. While we do not claim to have established a causal link, there is a clear correlation between high performance overall, as measured by the Audit Commission's Comprehensive Performance Assessment, and a strong scrutiny function. Only 'excellent' councils evidence strong leadership in their scrutiny function, and they seem to make most use of external opportunities to learn and develop further.

For councils with further to go on their improvement journey, this research provides useful pointers to the issues on which to focus in relation to scrutiny. As our two case studies, Chester-le-Street and Hackney LBC, demonstrate, enhancing the challenge aspect of scrutiny and developing a clear focus for scrutiny members' work both strengthens scrutiny and enables it to contribute to the council's overall improvement.

For scrutiny to be effective and contribute to improving performance, this research shows that it needs to be linked to the council's wider priorities and mainstream work programme, to be well-supported and invested in. We acknowledge that this can be a challenge to councils struggling to maintain resources for priority services. However, as the drivers for improving performance move from external inspection and regulation to self-assessment and self-improvement, investing in overview and scrutiny should be seen as an investment in the overall capacity of the council to improve itself.

There is one final point, perhaps directed more at the Audit Commission than councils. We found few references to scrutiny in any reports under the ambition and prioritisation themes or Key Lines of Enquiry (KLOE). Is this because scrutiny has no contribution to make in these areas, or because the Commission's inspectors do not look for it? We would argue that an effective scrutiny function – particularly as powers to focus on external scrutiny of partners are extended – can help councils and their partners review their ambitions and priorities and ensure that these are truly based on a shared understanding of the local community's needs. Assessments of scrutiny's performance should take account of this broader role for scrutiny, as well as the internal contribution it can make to capacity and performance management.

Executive summary

Purpose, methodology and overall results

This report examines a sample of Audit Commission Comprehensive Performance Assessment (CPA) reports in order to extract common themes and trends relating to the overview and scrutiny function in local government, and how it impacts on performance.

It gives an objective comparative perspective on CPA reports, in order to add value to the assessments and highlight common themes for improvement in scrutiny across different types of council. It is not a comment on individual council performance and is limited entirely to the scope of comments in CPA reports.

It was compiled by analysing all information contained in a sample of authorities' CPA reports relating to the scrutiny function. CfPS separated this information into positive and negative comments and examined how the balance of such comments relates to council performance scores. A quantitative approach was possible for analysing the district council reports as there had been more carried out than for single-tier / county councils under the 'harder test'. For the latter, therefore, a more case-study-based approach was taken.

The results show that, across all types of council, authorities with a strong scrutiny function tend to score more highly in CPA results. Specifically, the results related to each type of authority are as follows:

Results – Single Tier / County Councils (2005/2006)

There is a clear relationship between the quality of the scrutiny function and the ratings awarded to a council, both in terms of 'star rating' and 'direction of travel'.

Scrutiny plays a significant role in the performance and improvement of the council and deserves greater attention from those responsible for council performance and improvement. Investment in the function pays dividends both in assessments such as CPA but – more importantly – in supporting overall council effectiveness and improvement.

Observations on star-rating analysis include:

- weaker councils' scrutiny functions do not challenge the executive effectively, are often poorly supported by the council and fail to monitor performance information
- higher-rated councils' scrutiny functions provide effective challenge, are strongly supported and monitor service performance in innovative ways

Observations on 'direction-of-travel' are significant:

There is an immense amount of difference in the scrutiny function amongst three-star councils with different directions of travel, suggesting scrutiny and improvement may be more closely interlinked than previously thought.

- Councils who are only 'improving adequately' have more scrutiny issues raised as 'areas for improvement', impacting negatively on the council's overall capacity to improve performance.
- Conversely, councils who are 'improving well and strongly' are complimented on innovative scrutiny arrangements that support council improvement

Results – District Councils

There was a very clear relationship between the quality of the scrutiny function and the overall level of performance as assessed by the Audit Commission – although this may not be a causal link.

Interestingly, 'fair' councils attract more positive comments about scrutiny than those categorised 'good', especially in the key lines of inquiry of 'focus' and 'investment'. To use the descriptors originally informally proposed by the Commission, this might suggest 'good' councils are more prone to 'coasting', where 'fair' councils are 'striving' harder for improvement and use their scrutiny function to help them do this. An overall weakness

across authorities was in 'capacity' for scrutiny, which was often poor. Councils should address this, taking the approach that investing in scrutiny's capacity is enabling scrutiny to contribute to the council's overall capacity to improve.

Additional observations on scrutiny and performance for each type of councils include:

EXCELLENT COUNCILS

- have the highest average number of overview and scrutiny committees
- the greatest strengths of scrutiny were in 'performance management' and 'investment' and the relative weaknesses in 'capacity'
- excellent councils' scrutiny function is usually well-integrated with the rest of the council and helps it focus on its priorities
- only excellent authorities achieved positive comments on the quality of leadership in scrutiny
- had a high proportion and good range of positive comments about 'investment' and 'learning', especially in terms of staff and member development and use of external organisations to stimulate improvement

GOOD COUNCILS

- the greatest strengths of scrutiny were in 'focus', for example providing robust challenge linked closely to council priorities. However the ratio of positive comments on 'focus' was still lower than in 'excellent' and 'fair' councils
- the greatest weaknesses of scrutiny were in 'capacity' and 'investment', for example lack of member development and inadequate staff levels

FAIR COUNCILS

- the greatest strength of scrutiny was in 'investment', for example in the provision of strong levels of staffing for the function
- 'focus' was also strong and comments suggest scrutiny is seen as an active contributor to council improvement
- the greatest weakness of scrutiny was in 'capacity'
- many authorities did not show clarity of purpose in their 'performance management' role
- 'Investment' and 'learning' are strong and have led to improvement. Councils should therefore consider investment in scrutiny as 'invest to save'

WEAK COUNCILS

- the greatest strength of scrutiny was 'focus', although this was still relatively poor and often scrutiny was not well integrated into council priorities
- the greatest weakness of scrutiny was 'capacity', illustrating the 'Catch 22' of poor-performing authorities who are unable to invest in scrutiny and therefore scrutiny cannot play a full role in improvement
- weak councils make positive use of 'learning' from external sources, but often fail to invest in member development

POOR COUNCILS

- have the second highest average number of committees, but comments on their effectiveness are overwhelmingly negative
- 'Capacity' was a key weakness, with many comments suggesting scrutiny offers insufficient challenge
- Scrutiny structures are often poor and 'focus' not sufficiently linked into council priorities and improvement
- Scrutiny of 'performance management' is often hampered by a lack of basic performance information across the council

Case-Studies

At the end of the report, there are two case studies from Chester-le-Street District Council and the London Borough of Hackney relating to how overview and scrutiny has improved since the publication of their respective Audit Commission's inspection reports.

The two case studies aim to discover how the overview and scrutiny function can evolve and improve following external assessment.

“Scrutiny and the CPA”

Single Tier and County Councils

better scrutiny for better government

Scrutiny and the ‘Harder Test’

1.01 Introduction - methodology

This first part of this report examines a sample of corporate assessments from single tier and county councils assessed under the ‘Harder Test Framework’ of the Audit Commission’s Comprehensive Performance Assessment (CPA) 2005/2006. As the system had been newly introduced there were only a limited number of reports available for comparison¹. A case study approach has therefore been taken in this research, which examines in detail a number of councils from various categories within the star system².

The first part of our analysis examines case studies from councils who achieved between one and four stars. The second part keeps the star ratings constant and analyses three star councils with differing ‘directions of travel’ (improving adequately, improving well and improving strongly.)

1.02 Introduction – results

From the ‘star rating’ and ‘direction of travel’ assessments of single-tier and county councils under the ‘harder test framework’ it is clear that there is a relationship between the quality of the scrutiny function and the ratings awarded to a council.

One of the most significant discoveries from the **star-rating analysis** is that weaker councils do not challenge the executive effectively. Causal factors include that the function is not supported strongly by the council and does not monitor performance information. By contrast, a higher-rated council often contains a scrutiny function that challenges effectively, is strongly supported and has introduced innovative measures to monitor service performance.

The most important aspect of the study is from the **‘direction-of-travel’ analysis**, where it is clear that there is an immense amount of difference in the scrutiny function amongst three-star councils with different directions of travel. This may highlight that the scrutiny function and the process of improvement are more interlinked than previously thought. The analysis suggests that councils who are only ‘improving adequately’ have a number of scrutiny issues raised in the section of the report entitled ‘areas for improvement.’ The types of problem raised include performance management, pace of change and structural and capacity weaknesses, all of which impact negatively on the council’s overall capacity to improve performance.

Conversely, councils who are ‘improving well and strongly’ are characterised by positive comments on innovative features that have been part of the scrutiny function and help the council’s overall performance to improve. For example, including service users in reviews, use of web-casting, effective monitoring and management of performance data, and investment in members including opposition mentoring.

¹ In Feb 2007 the Audit Commission has released its latest round of assessments, however these have not been included in this analysis.

² Authorities were selected randomly, in order to provide a neutral and fair assessment despite variations in the number of references made to scrutiny from authority to authority, ranging from very few references to a great deal of associations.

Overall it is clear that scrutiny plays a significant role in the performance and improvement of the council and as such, more attention should be paid to the health and effectiveness of the function by those responsible for overall performance. Investment in capacity and support for scrutiny pays dividends both in public assessments such as CPA but – more importantly – in helping the council be more effective across all its functions and services.

1.1 Introduction – CPA – the ‘Harder Test’ framework – ‘Star-rating system’

The Audit Commission uses a number of ‘key lines of enquiry’ in assessing single-tier and county councils. Most of these are grouped under three key questions;

What is the council, together with its partners, trying to achieve?

Ambition for the community

- Are there clear and challenging ambitions for the area and its communities?
- Are ambitions based on a shared understanding amongst the council and partner organisations of local needs?
- Does the council with its partners provide leadership across the community and ensure effective partnership working?

Prioritisation

- Are there clear and robust priorities within the ambitions for the area?
- Is there a robust strategy to deliver the priorities?
- Is robust action taken to deliver the strategy?

What is the capacity of the council, including its work with partners, to deliver what it is trying to achieve?

Capacity

- Is there clear accountability and decision-making to support service delivery and continuous improvement?
- Is capacity used effectively and developed to deliver ambitions and priorities?
- Does the council, with its partners, have the capacity it needs to achieve change and deliver its priorities?

Performance management

- Is there a consistent, rigorous and open approach to performance management?
- Do the council and partner organisations know how well they and each other are performing against planned outcomes?
- Is knowledge about performance used to drive continuous improvement in outcomes?

What has been achieved?

- What progress has the council made in delivering its priorities and improving quality of life for local people?

1.2 ‘One star’ single tier and county councils

A Unitary Authority

The Structure of Scrutiny

Scrutiny chairs are shared proportionately between the two opposition parties. They also have an overview and scrutiny management committee, which aligns scrutiny with the council's corporate plan priorities. In total, the report states that the city council currently has seven scrutiny commissions.

Capacity

The report states that scrutiny is improving incrementally in challenging executive decisions and in contributing to service improvement. There have been positive examples of scrutiny that made positive impacts, such as on office rationalisation, though not all scrutiny processes have had the same impact. Following an internal review, the city council recognised that improvements were necessary and the council are now using the results of the review to strengthen the role of scrutiny. At the time of the assessment, however, scrutiny had not effectively held the executive to account and the activities of the scrutiny function were insufficiently ‘outcome focused.’

Performance Management

Portfolio holders receive performance data monthly and meet with managers weekly and the council reports quarterly on performance information to both the scrutiny function and cabinet.

A London Borough

Capacity

The corporate assessment states that scrutiny is not yet fully effective at supporting decision-making. However there have been a number of detailed reviews that have had a positive impact on policy, for example the markets strategy. This scrutiny report by the scrutiny commission undertook a review of market provision across the borough. The recommendations made by the commission fed into a final market strategy that shaped market provision across the borough.

However, the scrutiny function does not challenge performance of services sufficiently. During the Audit Commission's inspection, some scrutiny panel members identified several areas where better scrutiny could lead to improved performance. These included recycling, management of council assets and housing.

Scrutiny training for councillors also does not sufficiently support members to challenge and manage performance.

Performance Management

The scrutiny process is not sufficiently focused on challenging service performance at the moment.

Tabulation

| Scrutiny Strengths | Scrutiny Weaknesses |
|--|---|
| Scrutiny chairs are shared proportionately between the two opposition parties. | Scrutiny had not effectively held the executive to account. |

| | |
|--|--|
| An overview and scrutiny management committee aligns scrutiny with the council's corporate plan priorities. | The activities of the scrutiny function are insufficiently 'outcome focused.' |
| Scrutiny is improving incrementally in challenging executive decisions and is contributing to service improvement. | Scrutiny is not yet fully effective at supporting decision-making |
| Following an internal review, the council recognised that improvements to scrutiny were necessary and they are now using the results of the review to strengthen the role of scrutiny. | Scrutiny function does not challenge performance of services sufficiently. |
| There have been a number of detailed reviews that have had a positive impact on policy. | Scrutiny training for councillors does not sufficiently support members to challenge and manage performance. |
| | The scrutiny process is not sufficiently focused on challenging service performance at the moment |

Analysis

It seems clear that one of the chief weaknesses of scrutiny in one-star single tier / county councils is that it does not provide effective challenge. Three of criticisms relate to either a lack of support for members to enable them to effectively challenge or the process itself being not sufficiently focused to challenge service performance. Another weakness highlighted is that of not effectively holding the executive to account and therefore not supporting the decision-making process. The most common feature within the positive comments is a recognition that scrutiny is beginning to improve and have an impact.

As with the findings in the district council's section of this report, lower performing councils have weaknesses in capacity that restrict the ability of scrutiny to challenge performance and support further improvement. It is important to remember, however, the point made by Professor Steve Leach in CfPS's 2005 publication, 'Practice, Progress and Potential', that performance management is primarily an executive responsibility, with scrutiny performing a back-up challenge role. Given capacity issues and the wide-ranging improvement agenda that lower performing councils will have, it is important not to confuse responsibilities and create duplication of effort.

1.3 'Two star' single tier and county councils

A County Council

Areas for Improvement

The corporate assessment reports that the council needed to improve its performance management arrangements. The council needs to clarify the involvement of the scrutiny function in the management of the council's performance and make any changes to current processes as appropriate.

The Structure of Scrutiny

The scrutiny function is carried out by a scrutiny commission comprised of the chairs of the four scrutiny panels: adult social care, health and housing, children and young people, environment and corporate.

Capacity

The council's approach to scrutiny does not provide sufficiently clear accountability and decision-making to support improved service delivery. However, the report states that the council does show commitment to scrutiny, and has commissioned a review but its approach is still developing. There is little evidence that scrutiny is having a substantial impact on cabinet decisions. There is no consideration of the forward plan of decisions to be made by the executive, allowing better agenda planning. The different roles of scrutiny are insufficiently defined and understood. Poor definition of roles mean that members are not always clear about what is expected of them and as a result decision makers are not always held to account.

Performance Management

The assessment also reports that the performance management of partners is not systematic and not all key information is reported to scrutiny, so the council cannot tell how effectively partner organisations are achieving the council's objectives.

Furthermore, the scrutiny function of the council does not take an effective role in monitoring and managing the performance of the council. Performance monitoring by councillors involved in the scrutiny function is limited to the reviewing of BVPIs by the scrutiny commission. The poor level of involvement by scrutiny members in performance review weakens the council's ability to focus on priority issues and take timely remedial action.

Healthier Communities

It is noted that health issues are only formally reviewed twice a year when the adult social care, housing and health scrutiny panel invites health partners to discuss health issues. These discussions focus on issues such as ambulance response times, rather than monitoring or management of health outcomes. This lack of a strategic approach limits the impact that the council can have in improving the health of communities and to reduce health inequalities.

*A Metropolitan Borough Council***Areas for improvement**

The council's democratic arrangements currently inhibit a clear focus on a commonly understood purpose. It is recommended that the council should improve and streamline democratic arrangements, in particular, to ensure open debate and decision-making, effective scrutiny, efficient and timely processes, collective responsibility, proper delegation, and better agenda management. It should also ensure that officer support and appropriate training is provided to councillors to help them to carry out their roles within improved democratic processes.

The Structure of Scrutiny

Six select committees carry out the scrutiny function: economic regeneration and planning, education and cultural services, environment and transportation, finance and corporate management, housing and community safety, and social care and health.

Capacity

The assessment highlights that the council's democratic arrangements operate in a way that is time-consuming and is not consistent with expectations of modernised committee functions. Furthermore, the council's response to a situation of no overall control, where the representation of the three political parties is fairly evenly

balanced, is to maintain complicated processes which undermine executive and scrutiny functions and inhibit collective responsibility by councillors.

For example, select committees operate in many respects as service committees rather than as effective vehicles for modern scrutiny functions. There is no dedicated officer support to the select committees to help them to carry out their role. The agendas for select committees are long, with too many operational items and reports for information only.

Many decisions are taken to select committees before being submitted to cabinet and this undermines both cabinet's executive function and real challenge and scrutiny of cabinet decisions by select committees. The assessment also takes note of lines between executive and scrutiny being sometimes blurred and this risks undermining the 'critical friend' role of scrutiny; for example, the Waste Management Strategy Group consisted of party leaders, deputy leaders and select committee members.

However the report also mentions that there are some positive aspects to the council's democratic arrangements. There has been some good work done by select committees on health. The council also demonstrates good practice in its overhead projection facilities that enable projection of agendas, reports and plans so that committee members and the public can see what is being discussed. Training for councillors is provided and there has been an analysis of their training needs, although there are significant gaps in training provision in scrutiny of performance management.

Performance Management

The council provides opportunities to hear from local people as members of the public have taken part in health scrutiny. The council also responds to external scrutiny, putting action plans in place to address the findings of inspections; however, the council is sometimes slow to do this.

Tabulation

| Scrutiny Strengths | Scrutiny Weaknesses |
|---|---|
| The council does show commitment to scrutiny and has commissioned a review, but its approach is still developing. | The council needs to clarify the involvement of the scrutiny function in the management of council performance. |
| There has been some good work done by select committees on health. | The council's approach to scrutiny does not provide sufficiently clear accountability and decision-making to support improved service delivery. |
| The council also demonstrates good practice in its overhead projection facilities that enable projection of agendas, reports and plans so that scrutiny committee members and the public can see what is being discussed. | There is little evidence that scrutiny is having a substantial impact on cabinet decisions. |
| Training for councillors is provided and there has been an analysis of their training needs. | There is no consideration of forward plan of decisions to be made by the executive, allowing better agenda planning. |
| The council provide opportunities to hear from local people as members of the public have taken part in health scrutiny. | The different roles of scrutiny are insufficiently defined and understood. |
| The council also responds to external scrutiny, putting action plans in place to address the findings of inspections, however, the council is sometimes slow to do this. | Members are not always clear about what is expected of them and hence decision makers are not held to account. |

| | |
|--|--|
| | Performance management of partners is not systematic and not all key information is reported to scrutiny |
| | Scrutiny function of the council does not take an effective role in monitoring and managing the performance of the council |
| | The poor level of involvement by scrutiny members in performance review weakens the council's ability to focus on priority issues |
| | Health issues are only formally reviewed twice a year when the health scrutiny panel invites partners to discuss health. |
| | Health discussions focus on issues such as ambulance response times, rather than monitoring or management of health outcomes |
| | The council maintains complicated processes that undermine scrutiny functions and inhibit collective responsibility by councillors. |
| | Select committees operate in many respects as service committees rather than as effective vehicles for modern scrutiny functions. |
| | No dedicated officer support to the select committees to help them to carry out their role. |
| | The agendas for select committees are long, with too many operational items and reports for information only. |
| | Many decisions are taken to select committees before being submitted to cabinet and this undermines both the executive function and real challenge and scrutiny of cabinet decisions by select committees. |
| | Lines between executive and scrutiny are sometimes blurred and this risks undermining the 'critical friend' role of scrutiny (Waste Management Strategy Group consisted of party leaders, deputy leaders and select committee members) |
| | There are significant gaps in training provision in scrutiny on performance management |

Analysis

It is clear that weaknesses in scrutiny outweigh strengths in these 'two-star' councils. One of the common points raised is again that the performance management aspect of scrutiny has struggled to be recognised within these councils. Mirroring the findings of the earlier section in relation to district councils, a significant number of the comments refer to a lack of clarity of purpose and poor structures and systems for scrutiny. A blurring of responsibility between executive and scrutiny and a continuation of an old-style committee system are seen to undermine the effectiveness of scrutiny.

Scrutiny strengths in these 'two-star' councils were more varied and range from minor comments on good practice eg using overhead projection facilities to some

strengths in health scrutiny. However, overall there are no significant patterns apparent within the positive comments.

1.4 'Three star' single tier and county councils

A Unitary Authority

The Structure of Scrutiny

The cabinet governs the business of the city council whilst six overview and scrutiny panels support it.

Prioritisation

The impact of scrutiny in shaping priorities is variable. For example, the scrutiny committees have undertaken a number of useful reviews and scrutiny commissions have contributed to policy development and involved external agencies - for example, corporate parenting, asylum seekers, tobacco control and regeneration. However, the report states that more could be done through scrutiny work plans to ensure a more systematic independent review of the council's pledges, key improvement plans and key business risks. This would help to ensure the council's activity remained fully aligned to support delivery of its priorities.

Capacity

Despite important improvements, the council possesses some weaknesses in elements of scrutiny work and maximising councillor capacity.

Furthermore, scrutiny is not yet fully effective, although significantly improved through the use of scrutiny commissions. This is because there is a lack of clarity about scrutiny's role in performance management. This has led to some recommendations by scrutiny committees not being SMART (specific, measurable, achievable, realistic and time bound) and therefore not all outcome-focused. However, scrutiny is now being enhanced by the involvement of users, for example, involving citizens in the corporate parenting review.

Performance Management

Whilst scrutiny committees do review performance information, their effectiveness in challenging and improving performance is inconsistent.

Children and Young People

The report notes that a new lead councillor and scrutiny committee are in place and both are linking well to officers, partner agencies and organisations, and children and young people. There is clear political awareness that much more needs to be done, but there is energy, commitment and the will to make further improvements.

A County Council

Executive Summary

Scrutiny is developing well and is supporting policy making. Health scrutiny recommendations have been successful

The Structure of Scrutiny

There are four overview and scrutiny committees, all chaired by opposition councillors.

Prioritisation

The council scrutiny committees use the corporate assessment key lines of enquiry to challenge potential work items to help prioritise their work.

Capacity

Scrutiny is organised and supported appropriately and its impact has improved during the past year. Opposition councillors now effectively chair the committees and they are beginning to challenge executive decisions and contribute effectively to service improvement. One example noted was that scrutiny had successfully challenged the process by which decisions had been made about the future of an adult care home. Officers and councillors are thus boosting capacity to deliver strategic priorities.

Performance Management

The council is taking steps to improve councillors' role in performance management. Regular reports on performance are given to scrutiny chairs. Scrutiny committees also now receive performance information from the new software system. Updated training for councillors is being rolled out on interpreting performance data, starting with scrutiny councillors.

Healthier Communities

The health overview and scrutiny committee intervened successfully to persuade health colleagues to maintain the opening hours of a minor injuries unit. Also, a scrutiny review of NHS dentistry, undertaken in partnership with neighbouring councils, resulted in action by health colleagues to improve availability.

Tabulation

| Scrutiny Strengths | Scrutiny Weaknesses |
|---|--|
| Scrutiny committees have undertaken a number of useful reviews and scrutiny commissions have contributed to policy development and involved external agencies | Scrutiny work plans need to be changed to ensure a more systematic independent review of the council's pledges, key improvement plans and key business risks |
| Scrutiny is now being enhanced by the involvement of users, for example, involving citizens in the corporate parenting review | The council possesses some weaknesses in elements of scrutiny work and maximising councillor capacity |
| A new lead councillor and scrutiny committee is in place and both are linking well to officers, partner agencies and organisations, and children and young people | Scrutiny is not yet fully effective as there is a lack of clarity about scrutiny's role in performance management |
| Scrutiny is developing well and is supporting policy making | Effectiveness in challenging and improving performance is inconsistent in scrutiny |
| Health scrutiny has been successful and contributed to plans to develop services | |
| Scrutiny committees use the corporate assessment key lines of enquiry to help them to challenge potential work items to help prioritise their work | |
| Scrutiny is also organised and supported appropriately and its impact has improved | |
| Opposition councillors now effectively chair the committee and it is beginning to challenge executive decisions and contribute effectively to service improvement | |
| The roles of officers and councillors (within scrutiny) are boosting capacity to deliver strategic priorities | |

| | |
|---|--|
| Regular reports on performance are given to scrutiny chairs | |
| Scrutiny committees receive performance information from the new software system | |
| Updated training for councillors is being rolled out on interpreting performance data, starting with scrutiny councillors | |
| The health overview and scrutiny committee intervened successfully to persuade health colleagues to maintain the opening hours of a minor injuries unit | |

Analysis

It is clear that strengths outweigh weaknesses in the scrutiny function in these three-star councils. One of the clearest strengths is that the scrutiny function in these councils helps the council involve external agencies and users of local services in the decision-making process. Councillor training and development and support for the scrutiny function are improving the impact of scrutiny and health scrutiny is seen to be working successfully.

There are few weaknesses mentioned in the reports and therefore a pattern is hard to identify. However a picture of inconsistency and a lack of clarity about the role and function of scrutiny can be seen. As seen in the evidence from district councils, scrutiny does not perform well where its role is unclear, but again the Commission's focus on performance management means that other aspects of scrutiny's role may be downplayed or ignored.

1.5 'Four star' single tier and county councils

Since the implementation of the 'harder test framework' for single tier and county councils, there has only been **one** corporate assessment that resulted in a four star rating. Below is the examination of this report.

A Metropolitan Borough Council

The Structure of Scrutiny

The scrutiny function has four committees, two of which are led by opposition councillors.

Capacity

The council's approach to scrutiny is a particular strength. Councillors are well supported by officers and by good research and analysis. Scrutiny and best value review processes have been merged to provide a strong improvement focus. Councillors involved in scrutiny investigations understand their role as distinct from that of the executive and other council committees and investigations contribute directly to service improvements. For example, a recent investigation helped to deliver a £2 million increase in debt collection. External challenges, expert advice and best practice are key features of scrutiny. However, the corporate assessment reports that the council has yet to fully develop community wide scrutiny with other public service partners.

Performance Management

Councillors are involved in performance through the scrutiny function and an executive councillor supports them with a specific remit for performance management.

Sustainable Communities and Transport

There is a clear strategy for waste that has been supported by a recent challenge by the scrutiny function. The council subsequently took difficult decisions to extend recycling and is now the most successful metropolitan council in recycling and composting, achieving twice the national average rates.

Healthier Communities

The report notes that there is a scrutiny led study (funded by £19,000 from the Centre for Public Scrutiny) underway to evaluate the impact of current interventions in council's the most deprived ward. However, all these arrangements were noted to be relatively new.

Tabulation

| Scrutiny Strengths | Scrutiny Weaknesses |
|---|---|
| The council's approach to scrutiny is a particular strength | The council has yet to fully develop community wide scrutiny with other public service partners |
| Councillors are well supported by officers and good research and analysis. | |
| Councillors involved in scrutiny investigations also understand their role as distinct from that of the executive and other council committees and investigations contribute directly to service improvements | |
| External challenges, expert advice and best practice are key features of scrutiny | |
| Councillors are involved in performance through the scrutiny function and an executive councillor supports them with a specific remit for performance management | |
| A clear strategy for waste that has been supported by a recent challenge by the scrutiny function | |
| Scrutiny study underway to evaluate the impact of current interventions in council's the most deprived ward | |

Analysis

It is clear that in this particular four star council, strengths outweigh weaknesses in the scrutiny function. One of the key strengths is that the function and its members understand their role and work effectively. Specific examples above include well-supported scrutiny, expert advice provision and effective challenges. The corporate assessment also picked up a weakness in scrutiny's lack of community wide involvement with other public service partners, but this is a new and developing agenda across many councils.

1.6 Star-rating summary

One of the most significant features of the results of the case studies is the increasing proportion of strengths of the scrutiny function over the weaknesses as the CPA rating increases. Hence scrutiny is typically weaker in lower-rated councils and is at its strongest in higher rated councils. However, it is important to note that this pattern is only demonstrated amongst a small amount of corporate assessments and further research would be needed once there is a larger sample of 'harder test' assessments available.

The most significant strengths of the scrutiny function in higher rated councils are that it is well planned and supported by the council and councillor development is continually and actively improving. Furthermore, strengths in involving external agents and experts in the scrutiny process are highlighted in the higher-rated corporate assessments.

The most significant weaknesses of the scrutiny function in the lower-rated councils are that it is ineffective in challenging the executive, training for councillors does not sufficiently support members to challenge and the process is not equipped for monitoring performance information. Other key weaknesses highlighted include a lack of clarity about the role of scrutiny, numerous complicated processes that undermine scrutiny and the lines between the executive and scrutiny are occasionally blurred.

2.1 Introduction – CPA – the ‘Harder Test’ framework – ‘Directions of Travel’

To assess the ‘direction of travel’ of a single tier or county council, the Audit Commission uses two key lines of enquiry under the following two questions;

1. What evidence is there of the council improving outcomes?
 - Are services improving in areas the council has identified as priorities and areas the public say are important to their communities?
 - What contribution is the council making towards wider community outcomes?
 - To what degree is the council improving both access and the quality of service for all its citizens focusing on those who have been ‘hard to reach’ or previously excluded?
 - Is value for money improving as well as quality of services?
2. How much progress is being made to implement improvement plans to sustain future improvement?
 - Does the council have robust plans for improving? (Aligned with other plans, SMART1, detailed, resourced, agreed and widely communicated?)
 - How well is the improvement planning being implemented: are key objectives and milestones being achieved?
 - Does the council have the capacity to deliver its plans?
 - Are there any significant weaknesses in arrangements for securing continuous improvement or failures in corporate governance that would prevent improvement levels being sustained?

What is covered?

The following section aims to assess a selection of councils from each ‘direction of travel’ rating whilst keeping the star rating constant. By keeping the star rating constant, it will provide a clear picture of how scrutiny differs throughout the ‘direction of travel’ ratings and relate scrutiny to the process of improvement.

Once again, this section anonymises the council locations in order to facilitate comparison and provide objective assessment. Each council is labelled by its representative area (e.g. a city council, a county council etc) in order to provide an indication of type of council.

2.2 Single tier and county councils who are 'improving adequately'

A County Council

Executive Summary

Political leadership is weak at achieving an effective focus on performance improvement through scrutiny. It is also noted separately that scrutiny in particular is insufficiently focused on performance management.

The council also has a revised performance framework in place but implementation is inconsistent. The assessment notes that a system that needs strengthening is the use of performance data to enable challenge in scrutiny meetings.

Areas for Improvement

The corporate assessment suggests that the council needs to review, and reconfigure if necessary, the current political structures in line with corporate priorities particularly looking at the use of scrutiny in managing performance and in corporate policy development.

The Structure of Scrutiny

An overarching strategic monitoring committee and four scrutiny committees support (and challenge) the cabinet.

Capacity

The council's performance in this area is described as adequate. There are some significant weaknesses and areas for improvement including insufficient capacity in scrutiny. However, the report notes that there have been some examples of it working effectively in policy development for example on polytunnels and the property review. But it is not properly scrutinising performance. The contribution of scrutiny to accountability in decision-making is therefore under-developed.

Performance Management

Performance monitoring is not consistent or robust. Reporting and monitoring procedures within the council are better at cabinet and senior officer level than at scrutiny committees. Cabinet and scrutiny receive a quarterly 'corporate health' report, summarising PI performance over the previous quarters of the year.

The council has an open culture with a scrutiny process that is meant to focus on performance against priorities. It reports that although scrutiny has done some good work on policy, at present it is more about broadening the knowledge of non-executive members rather than real scrutinising. It is focused on policy rather than performance, and is therefore looking more at improving processes rather than outcomes. Performance reports presented to scrutiny are too long and detailed, and do not easily lend themselves to promoting challenge from scrutiny committees.

Healthier Communities

Health scrutiny is seen to have undertaken some constructive reviews - such as assessment of agencies' response to the outbreak of Legionnaire's Disease and the lessons learnt. It is noted that scrutiny members engage well with the healthcare community and partners comment that councillors are interested and informed about health matters.

Children and Young People

The collection of some data continues to have weaknesses and performance review reporting lacks sufficient analysis. This fails to provide elected members with a robust platform for challenging service provision. The children's services scrutiny committee is therefore felt to be ineffective and performance monitoring processes overall do not make a good contribution to driving continuous improvement.

A Unitary Authority

Executive Summary

The cabinet is felt to be strong but the overall political management of the council is adequate. The report, for example, notes that a weak approach by councillors to the scrutiny of the council's performance, combined with the style of some elements of the opposition, means that there is insufficient constructive challenge to the cabinet.

Areas for Improvement

The report also states that the council needs to improve the way in which the scrutiny and overview functions operate. Scrutiny should play a more consistently explicit role in oversight of performance, especially in the council's priority areas. Furthermore, the council needs to strengthen its scrutiny of the pace of change and the capacity to deliver it. By challenging performance, scrutiny can then provide a more structured basis for the policy development role. This will also set a strong tone for the rest of the organisation.

A change of style, combined with a more systematic and results-focused approach to overview and scrutiny, would offer a stronger approach to performance management of the council. It would also strengthen the role of the whole council as a community leader and offer scope for the robust debate of legitimate political differences. Development of this approach is noted to be a matter for all councillors not just those in opposition.

Capacity

The council does not get the full value from its processes for debate and challenge such as scrutiny. For example, the opposition frequently uses the press to debate issues rather than challenging the executive through scrutiny. While it is legitimate to use publicity as a means of political opposition, the weak use of scrutiny and reliance on press coverage results in defensive attitudes by the administration on some issues and does not always provide enough constructive challenge to the cabinet.

Performance Management

Scrutiny is not used consistently either to improve understanding of current performance or to drive improvement and the council has had mixed results from its scrutiny work. Topics are chosen based on perception rather than a systematic and rigorous scrutiny of the council's performance against its priorities. Thus, the work by councillors to develop policy is not focusing on delivery of priorities, nor does it establish a performance culture for the rest of the organisation.

Tabulation

| Scrutiny Strengths | Scrutiny Weaknesses |
|---|--|
| Scrutiny has been working effectively in policy development | Political leadership is weak on achieving an effective focus on performance improvement through scrutiny |
| The council has an open culture with a scrutiny process that focuses on performance | Scrutiny in particular is insufficiently focused on performance management. |

| | |
|---|--|
| against priorities | |
| Scrutiny has done some good work on policy | The use of performance data to enable challenge in scrutiny meetings needs strengthening |
| Health scrutiny members engage well with the healthcare community and partners comment that councillors are interested and informed about health matters. | The council needs to review, and reconfigure the current political structures in line with corporate priorities looking at the use of scrutiny in managing performance and in corporate policy development |
| Health scrutiny has undertaken some worthwhile reviews | There is insufficient capacity in scrutiny |
| | Performance reports presented to scrutiny are too long and detailed, and do not easily lend themselves to promoting challenge from scrutiny committees |
| | Scrutiny is not properly scrutinising performance |
| | The contribution of scrutiny to accountability in decision-making is therefore under-developed |
| | Capacity at scrutiny level is diluted and inhibits clear leadership |
| | Performance monitoring and reporting procedures within the council are better at cabinet and senior officer level than at scrutiny committees |
| | Scrutiny is more about broadening the knowledge of non-executive members rather than real scrutinising |
| | Scrutiny is focused on policy rather than performance, and is looking more at improving processes rather than outcomes |
| | The capacity of councillors and the current political structures is variable |
| | The collection of some data continues to have weaknesses and performance review reporting lacks sufficient analysis – which renders the children's service scrutiny committee ineffective |
| | Performance monitoring processes overall do not make a good contribution to driving continuous improvement |
| | There is a weak approach by councillors to the scrutiny of the council's performance |
| | There is insufficient constructive challenge to the cabinet. |
| | The council needs to generally improve the way in which the scrutiny and overview functions operate |
| | Scrutiny should play a more consistently explicit role in oversight of performance, especially in the council's priority areas. |
| | By challenging performance, scrutiny can then provide a more structured basis for the policy development role |
| | A more systematic and results-focused approach to overview and scrutiny, would offer greater challenge to the cabinet |

| | |
|--|--|
| | The opposition frequently uses the press to debate issues rather than by the effective examination of the council's performance and the impact of its policies in the scrutiny and overview role |
| | The weak use of scrutiny and reliance on press coverage results in defensive attitudes by the administration |
| | Scrutiny is not used consistently either to improve understanding of current performance or to drive improvement |
| | Topics are chosen based on perception rather than a systematic and rigorous scrutiny of the council's performance against its priorities |
| | The work by councillors to develop policy is not focusing on delivery of priorities |

Analysis

Despite each council assessment achieving a score of three stars, there are qualitatively more weaknesses than strengths when their direction of travel states that they are only 'improving adequately.' One of the key weaknesses identified is again that scrutiny in these councils does not adequately monitor performance of the council and is weak at challenging the decision-making process. Other weaknesses include problems with councillor capacity and basing work programmes on perception alone. Significantly, there are a number of comments on the scrutiny function within the 'areas for improvement' section.

The strengths of the scrutiny function in these councils are significant in that they all refer to how scrutiny currently works and how it worked in the past, whereas positive comments about the future of the function are notably absent. As CPA moves towards a more forward-looking assessment under the proposed Comprehensive Area Assessment, such councils will need to take steps to focus more strongly on improvement, or their Direction of Travel assessment will not improve and their absolute assessment of performance may also be weaker.

2.3 Single tier and county councils who are 'improving well'

A London Borough

Executive Summary

Overall the scrutiny function works well overall but there is further scope to increase its involvement in areas such as value for money.

The Structure of Scrutiny

An executive/scrutiny split is in place and the council has task-and-finish scrutiny panels, which are overseen by an overview and scrutiny committee.

Capacity

Scrutiny members are able to challenge constructively at the executive. This open approach allows contentious issues to be appropriately discussed and allows clear public insight into the way the council carries out its duties.

The capacity of scrutiny members is good. There is a comprehensive programme of training and support for all members, and attendance at training is high at 80 per cent. Training has included the role of scrutiny in finance and performance management.

The use of task and finish groups, rather than standing panels, has brought more focus to the scrutiny function. Plans to integrate consideration of 'value for money' more routinely into its work are in place and there is scope to further increase the added value that scrutiny brings through for example learning from others. Scrutiny recommendations have been used to improve some services, for example the reconfiguration of the anti-social behaviour action team.

The report also notes that in some areas such as e-democracy the use of ICT has enhanced the delivery of services, for example the web casting of scrutiny.

Performance Management

Officers and members work well together and take collective responsibility to improve performance. Members have a record of focused involvement in performance management through scrutiny.

A Unitary Authority

Executive Summary

Decision-making is described as open and transparent and scrutiny is having an impact in some areas.

The Structure of Scrutiny

There is an overarching scrutiny co-ordination committee plus four scrutiny boards.

Capacity

Councillor capacity is generally strong. Training is mandatory for councillors on specialist committees, and some training is in place to improve the quality of challenge arising through scrutiny. Opposition councillors have good access to training opportunities and also have their own mentoring scheme. This contributes to the corporate objective of demonstrating good leadership.

Both the fortnightly public cabinet meetings and cabinet portfolio holder meetings provide an opportunity for opposition and scrutiny committee members to challenge constructively. This professional and open approach permits contentious issues to be appropriately discussed and enables clear public insight into the way in which the council carries out its responsibilities.

The scrutiny function is developing well and making an impact in some areas. A scrutiny co-ordination committee agrees the overall work programme of four scrutiny boards. Each board has its own strategic plan. Scrutiny contributed to the smoke free campaign. However some scrutiny councillors are still developing their skills and understanding and the council acknowledges the need for further development.

Tabulation

| Scrutiny Strengths | Scrutiny Weaknesses |
|---|--|
| The open approach of scrutiny allows contentious issues to be appropriately discussed and allows clear public insight into the way the council carries out its duties | There is further scope for scrutiny to increase its involvement in areas such as value for money |

| | |
|--|---|
| Scrutiny members are able to challenge constructively at the executive | There is scope to further increase the added value that scrutiny brings, from learning from others. |
| The use of task and finish groups, rather than standing panels, has brought more focus to the scrutiny function | Some scrutiny councillors are still developing their skills and understanding |
| The capacity of scrutiny members is good | |
| Training has included the role of scrutiny in finance and performance management | |
| The scrutiny function works well overall | |
| Plans to integrate consideration of 'value for money' more routinely into scrutiny work are in place | |
| Scrutiny recommendations have been used to improve some services | |
| The use of ICT has enhanced the delivery of services such as the web casting of scrutiny | |
| Members have a record of focused involvement in performance management through scrutiny | |
| Decision-making is open and transparent and scrutiny is having an impact in some areas | |
| Some training is in place to improve the quality of challenge arising through scrutiny | |
| Opposition councillors have good access to training opportunities and also have their own mentoring scheme | |
| Fortnightly public cabinet meetings and cabinet portfolio holder meetings provide an opportunity for opposition and scrutiny committee members to challenge constructively | |
| Scrutiny function is developing well and making an impact in some areas | |

Analysis

The reports from the three-star councils who are 'improving well' show that there are more strengths than weaknesses in the scrutiny function. The types of positive comments are significant and reflect a higher quality of challenge by members involved in scrutiny as well as increased councillor capacity. There are also comments on the structural arrangements of scrutiny that have worked well, such as the use of task and finish groups and innovative ICT usage. Interestingly, unlike the councils who were 'improving adequately' there are no comments about scrutiny recorded in the corporate assessment section of 'areas for improvement.'

The weaknesses of the scrutiny function are isolated and relate to further learning and scope for improvement. However, one of the weaknesses of the scrutiny function relates to a lack of clarity of purpose, which as we saw from the district councils analysis is one of the key success factors for good scrutiny and performance overall.

2.4 Single tier and county councils who are 'improving strongly'

Since the implementation of the 'harder test framework' for single tier and county councils, there has only been **one** corporate assessment that resulted in a 'direction of travel' rating of 'improving strongly.' Below is the examination of this report.

A Metropolitan Borough Council

Executive Summary

Although the political majority in the council is large and long term, there is still considerable challenge within the political system, including good scrutiny arrangements.

Areas for Improvement

While performance management arrangements within the council are good overall, health scrutiny is not fully developed, and achievements in this area suggest there is more scope for focusing on health.

The Structure of Scrutiny

There are five scrutiny panels, addressing children and young people's services, adult services and health, sustainable communities, regeneration and democratic renewal. There is also an overarching performance and scrutiny overview committee.

Performance Management

The council is performing strongly in performance management, including scrutiny. Service users are involved on scrutiny panels. Systematic and effective review arrangements are used to ensure comprehensive submission, monitoring and management of data through the key bodies of the corporate management team, cabinet and scrutiny panels. The process focuses strongly on remedial action where performance slips below targeted levels.

It is also reported that scrutiny is well resourced, and is particularly effective in the area of policy development. There is a high level of acceptance of scrutiny recommendations by the cabinet, and a number of important policy changes have stemmed from scrutiny work, in areas such as domestic violence and corporate parenting. Scrutiny committees have called partners and other bodies to account, for example the Environment Agency on flooding issues. However the assessment highlights that the role of the council in respect of health scrutiny has been consultative rather than challenging and the council accepts it is not as developed as the wider scrutiny function.

Older People

A scrutiny member acts as older people's champion for the council and in this role has been active in the community and in charring consultation meetings during the development of the strategy.

| Scrutiny Strengths | Scrutiny Weaknesses |
|---|--|
| There is considerable challenge within the political system, including good scrutiny arrangements | Health scrutiny is not fully developed, and achievements in this area suggest there is more scope for focusing on health |
| Performance management arrangements within the council are good | The role of the council in respect of health scrutiny has been consultative rather than challenging and the council |
| Links to financial and risk management are in place and scrutiny is therefore strong | |
| Service users are involved on scrutiny panels | |
| Systematic and effective review arrangements are used to ensure comprehensive submission, monitoring and management of data through scrutiny panels | |
| Scrutiny is strong and well resourced, and is | |

| | |
|---|--|
| particularly effective in the area of policy development | |
| There is a high level of acceptance of scrutiny recommendations by the cabinet | |
| A number of important policy changes have stemmed from scrutiny work | |
| Scrutiny committees have called partners and other bodies to account, for example the Environment Agency on flooding issues | |
| A scrutiny member acts as older people's champion for the council | |

Analysis

The report from the 'three-star' council that is 'improving strongly' demonstrated that there are more strengths than weaknesses in the scrutiny function. The positive comments reflect upon the fact that scrutiny is very strong and there is considerable and effective challenge to the executive. Furthermore, performance management and incorporating external agents into the scrutiny process are also positively commented upon. Significantly, it is highlighted that there is a high level of acceptance of scrutiny recommendations by the cabinet.

However, despite the strengths of the scrutiny function, there are still areas for improvement, specifically in health scrutiny where the role has not been maximised.

2.5 'Direction-of-travel' summary

One again, there is a significant relationship between the strength of scrutiny and a high 'direction of travel' rating. Those reports from the councils who were 'improving adequately' contain far more weaknesses than those reports from councils who are 'improving well' or 'improving strongly.'

One of the most significant strengths of the scrutiny function in the councils that are 'improving well' and 'improving strongly' is that there is a higher quality of challenge to the executive, more clarity about the scrutiny role itself and more innovative procedures that have been introduced. Furthermore, there are strengths in councillor capacity, decision-making is open and transparent and the process involves external agents. One of the most important positive comments from the reports of the councils who are improving well and strongly is that the cabinet tends to accept recommendations made by the scrutiny function, which indicates maturity in the decision-making and political culture of the council. It could also reflect a greater confidence in the executive that could arise from having strong performance overall and a focus on improvement suggested by their 'direction of travel' rating.

The most significant weaknesses from the councils who are only 'improving adequately' are that the scrutiny function does not focus sufficiently on performance management, the scrutiny function is weak at challenging the decision-making process and there is low councillor capacity. One of the most intriguing comments was on the use of publicity by opposition councillors to debate issues. This was regarded as a weakness of the scrutiny process that resulted in defensive attitudes from the executive.

3.0 Single-tier and county councils: **Evaluative summary**

From the 'star rating' and 'direction of travel' assessments of single-tier and county councils under the 'harder test framework' it is clear that there is a relationship between the quality of the scrutiny function and the ratings awarded to a council.

One of the most significant discoveries from the **star-rating analysis** is that weaker councils do not challenge the executive effectively. Causal factors include that the function is not supported strongly by the council and does not monitor performance information. By contrast, a higher-rated council often contains a scrutiny function which challenges effectively, is strongly supported and has introduced innovative measures to monitor service performance.

The most important aspect of the study is from the '**direction-of-travel**' **analysis**, where it is clear that there is an immense amount of difference in the scrutiny function amongst three-star councils with different directions of travel. This may highlight that the scrutiny function and the process of improvement are more interlinked than previously thought. The analysis suggests that councils who are only 'improving adequately' have a number of scrutiny issues raised in the section of the report entitled 'areas for improvement.' The types of problem raised include performance management, pace of change and structural and capacity weaknesses, all of which impact negatively on the council's overall capacity to improve performance.

Conversely, councils who are 'improving well and strongly' are characterised by positive comments on innovative features that have been part of the scrutiny function and help the council's overall performance to improve. For example, including service users in reviews, use of web-casting, effective monitoring and management of performance data, and investment in members including opposition mentoring.

Overall it is clear that scrutiny plays a significant role in the performance and improvement of the council and as such, more attention should be paid to the health and effectiveness of the function by those responsible for overall performance. Investment in capacity and support for scrutiny pays dividends both in public assessments such as CPA but – more importantly – in helping the council be more effective across all its functions and services.

4.01 Introduction to methodology

This section examines the CPA reports for a sample of district councils within the five-judgement system, taking sixty-seven randomly selected³ district council CPA reports from the categories of excellent, good, fair, weak and poor.

Our analysis mirrors the structure of a typical CPA report. Specifically, The Audit Commission used a number ‘key lines of enquiry’ (KLOE) in assessing district councils. (See the Audit Commission’s ‘CPA ‘key lines of enquiry’ - for corporate assessment in district councils.’ (March 2003)

<http://www.audit-commission.gov.uk/cpa/downloads/cpadistricts4.doc>)

For this research CfPS looked at each KLOE and analysed the scrutiny-relevant comments made under each of them in the selected authorities’ reports. The information is then separated into positive and negative ‘comments’ for analysis.

This report predominantly focuses around the following KLOEs:

- **Focus**
- **Capacity**
- **Performance Management**
- **Investment and Learning**
- **Overall / Executive Summary**

Other KLOEs, such as **ambition** and **prioritisation** did not contain information about any scrutiny functions or arrangements and thus are not included in our analysis.

To simplify a comparative assessment of the CPA reports, CfPS has devised a series of categories in order to visibly label a particular ‘comment.’ Please note that these classifications are not used by the Audit Commission or local authorities and are solely for facilitating the comparative assessment of the comments made within the CPA reports.

Example:

[CfPS Category]

Councillor development: -

[CPA comment]

“Evidence of effective ‘calling in’ of decisions, real cost savings and improvement in services are results of councillor development and effective political arrangements.”

³ We chose to select authorities randomly for this research, to provide as fair and neutral an analysis as possible, and because the number of mentions of scrutiny varied greatly between the CPA reports of different authorities: ranging from very few references in some reports to a great deal of associations in others’. Random selection was practiced as much as possible. The exceptions were ‘poor’ and ‘weak’ authorities, whose numbers were low and therefore all authorities in these categories were included in analysis. Special dispensation was also made to include councils who have an elected mayor and authorities that have opted to use the ‘alternative arrangement’ provision. We have also tried to ensure representation of authorities in all relevant Government regions.

4.1 District Councils: Report Summary

This research has produced significant results about the relationship between the overview and scrutiny function in district councils and the Audit Commission's Comprehensive Performance Assessments. The chart below (**Fig 1.01**) shows the percentage of total positive and negative comments made about the sixty-seven district councils analysed, in their respective CPA rating group.

It is clear that there is a correlation between the number and proportion of positive comments on the scrutiny function and the award of higher CPA ratings. It is important to note that this link is not necessarily causal (i.e. an excellent scrutiny function does not alone create an 'excellent' council). However there is a very clear relationship between the quality of the scrutiny function and the overall level of performance as assessed by the Audit Commission.

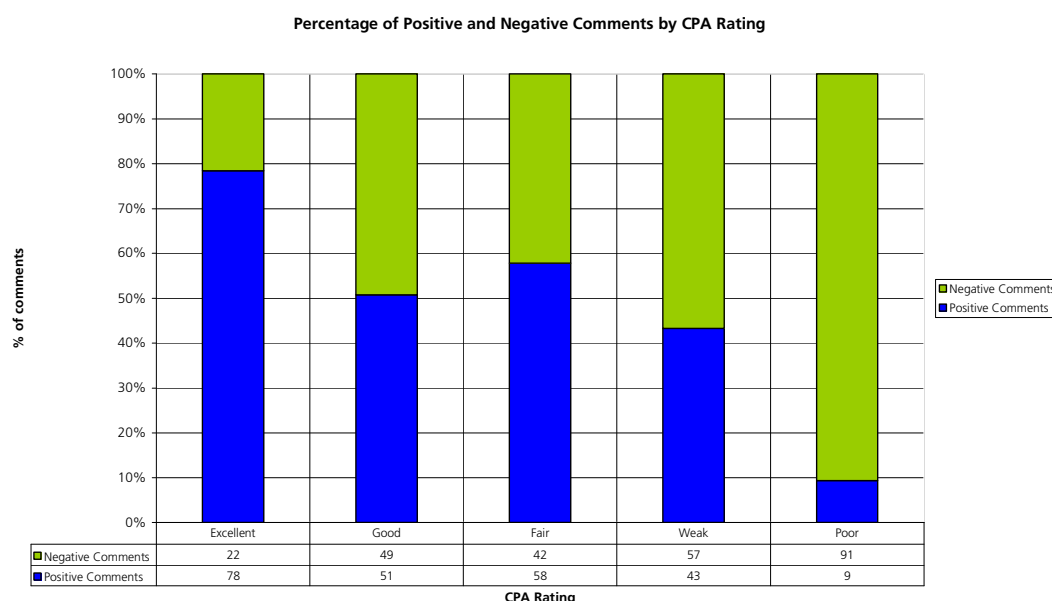


Fig 1.01: Positive and negative comments by CPA rating.

A further comment illustrated by the chart above is that 'fair' councils received a slightly higher overall proportion of positive comments than the 'good' councils did. This result comes across even more starkly in some of the CPA key lines of inquiry (KLOE), for example in 'focus' and 'investment', where 80% and 69% respectively of 'fair' councils' comments were positive, compared with just 60% and 47% of 'good' councils' comments. The comments suggest that 'fair' councils are working in a more focused way and making appropriate investments to secure improvement, while 'good' councils seem less driven to improve further, given the level of performance they have already achieved. Perhaps there may have been some merit in the Audit Commission's informal categories of 'coasting' and 'striving.'

Another of the initial results that came out of the analysis was that excellent councils have a higher average number of overview and scrutiny committees than other councils (see fig 1.02 below).

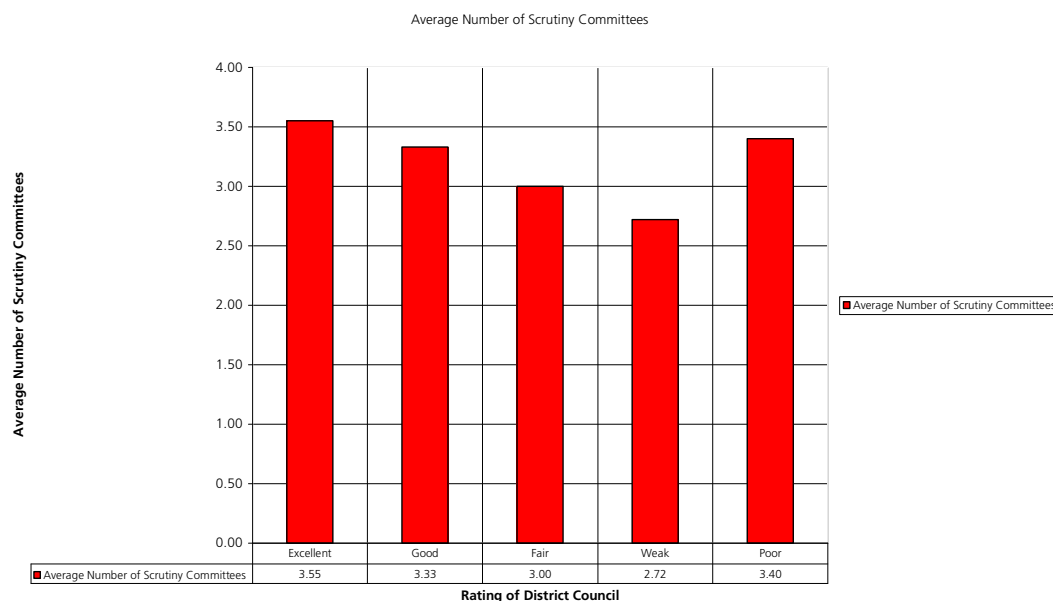


Fig 1.02: Average number of scrutiny committees (per rating)

The average number of committees continues to fall as the CPA ratings fall, with the exception of 'poor' councils who averaged a comparatively high average number of scrutiny committees. However, it is important to restate the point about the causal link. A high number of scrutiny committees does not necessarily mean a council will be awarded a higher rating. In fact, a high number of committees without adequate support or a clear programme will simply add to problems of capacity.

4.2 Excellent District Councils

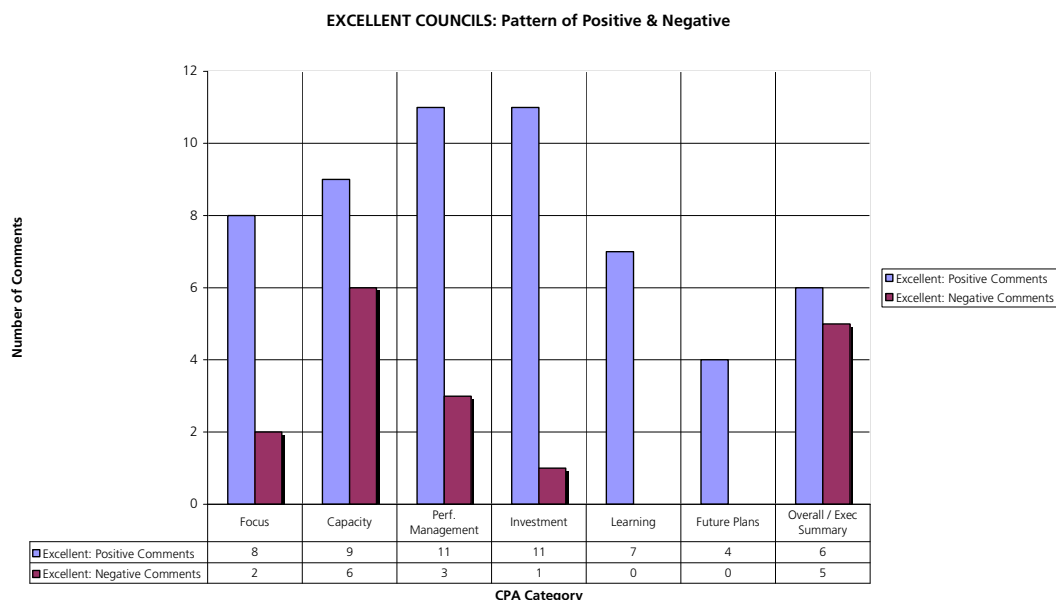


Fig 1.03: Distribution of comments across the CPA categories within ‘excellent’ councils.

Fig 1.03 shows that the greatest strengths of scrutiny in excellent councils are in the ‘performance management’ and ‘investment’ categories. These two categories account for over almost forty percent of the positive comments. For example:

Performance Management

There is strong reporting of financial performance to executive and scrutiny. Both receive regular reports on revenue and capital spending.

Investment

New training programmes, developed with the IDeA, are designed to help councillors develop appropriate skills to enable them to fulfil their responsibilities effectively.

Scrutiny’s weakness in ‘excellent’ councils lies predominantly in the capacity category, although this is still a lower number of negative comments about 'capacity' than in any other CPA rating. The comments focus on the need for clarity about the role and purpose of scrutiny. For example:

The role of overview and scrutiny may be unclear. Whilst overview has been strong at helping shape policy it has been less effective at challenging decisions and its role in performance management lacks clarity.

4.21 Focus in ‘excellent’ councils

'Excellent' councils received the highest proportion of positive comments about 'focus' (80%) in relation to their scrutiny function. Within this, the strengths of scrutiny

relate predominantly to how closely the scrutiny function is linked in with the rest of the council in terms of structures and co-ordination. This is illustrated in the next figure (**Fig 1.04**) which documents the **distribution of the types of positive comments** made about 'focus' across all CPA ratings, subject to the three broad classifications developed by CfPS to provide a framework for analysing the comments.

- 1) **Structure of scrutiny / effective links between scrutiny and council,**
- 2) **Scrutiny practice and member engagement,**
- 3) **The work programme of scrutiny.**

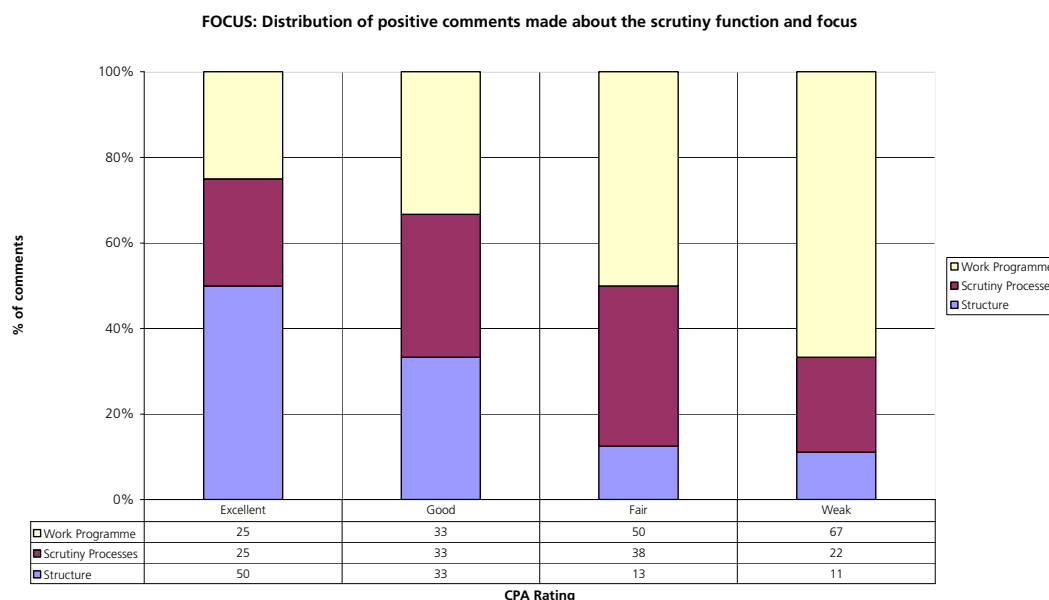


Fig 1.04: Distribution of positive comments about the scrutiny function and focus.

The figure and comments show that in 'excellent' councils it is not just scrutiny that works in a focused way, what seems to differentiate it from lower-rated councils is that the scrutiny function is integrated with the rest of the council and helps it focus on its priorities. For example:

Scrutiny is used to ensure that issues under consideration are well developed and the cabinet maintains focus on their delivery.

An effective workplan is also essential to the success of scrutiny. For example:

The council has effective mechanisms to help councillors and officers to stay focused on priorities, such as the cabinet and the scrutiny committee working to 'forward work plans.' These mechanisms ensure that the council does not become distracted from what it is trying to achieve.

4.22 Capacity in 'excellent' councils

The figure below (**Fig 1.05**) depicts the percentage of total positive and negative comments made about the scrutiny function in the 'capacity' KLOE of district councils. Only the reports of the 'excellent' councils have a majority of positive

comments about 'capacity'. As later sections will demonstrate, 'capacity' is the key weakness across all other CPA ratings in relation to scrutiny.

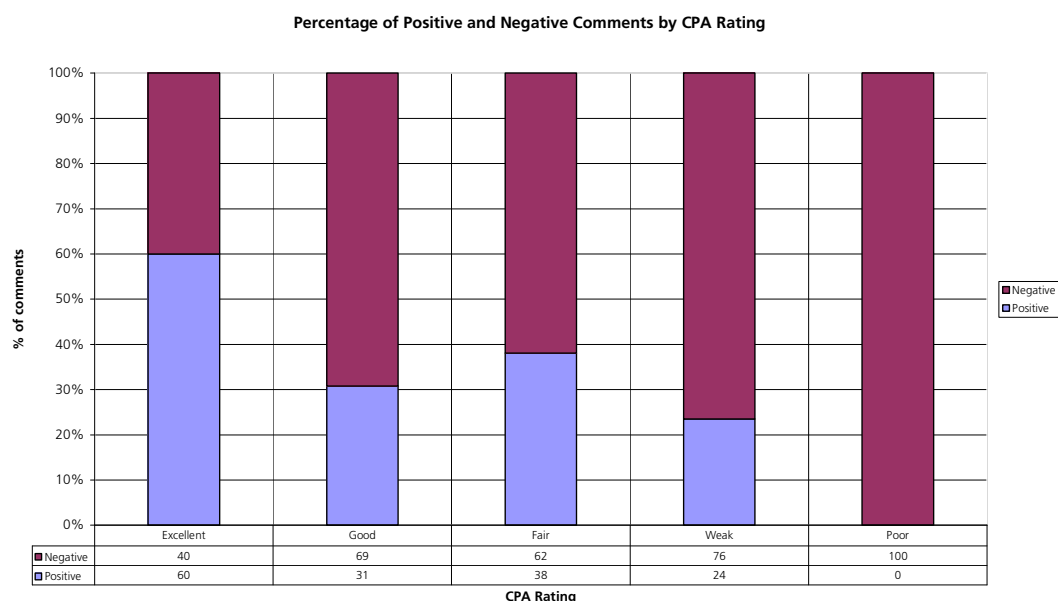


Fig 1.05: Positive and negative comments on capacity.

The next figure documents the **distribution of the types of positive comments** made, subject to the five broad classifications developed by CfPS to provide a framework for analysing the comments.

- 1) **Councillor development,**
- 2) **Balanced / effective / supported work programme,**
- 3) **Strong leadership / chairmanship,**
- 4) **Clarity of purpose of scrutiny process / practice,**
- 5) **Structure of scrutiny / effective links between scrutiny and council.**

CAPACITY: Distribution of positive comments made about capacity and the scrutiny function

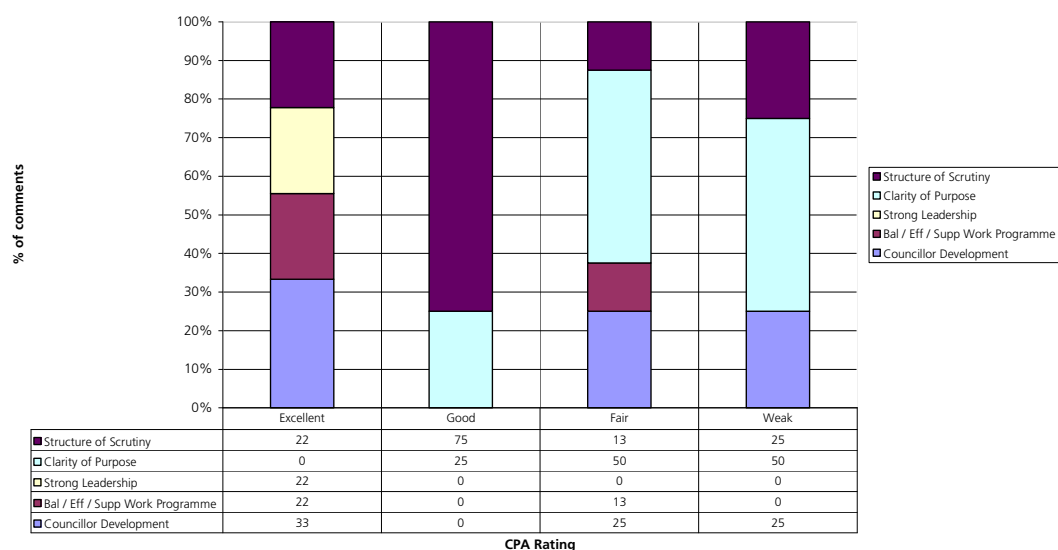


Fig 1.06: Distribution of positive comments made about capacity and the scrutiny function

The figure above shows that only 'excellent' councils received positive comments on strong leadership for scrutiny and they had a much broader range of strengths in their scrutiny function. Comments in the 'excellent' council reports also demonstrate the fallacy of focusing on the number of 'call-ins' as evidence of scrutiny's impact on performance. As the following contrasting but positive comments demonstrate, call-in is not the issue; different approaches work well in different councils, and the real issue is how the political culture works in the context of each individual council.

Evidence of effective 'calling in' of decisions, real cost savings and improvement in services are results of councillor development and effective political arrangements.

The chair of scrutiny works constructively with the leader of the council and senior officers to head off problems and resolve issues, without the need for referral to the scrutiny committee. This has led to lower numbers of call-ins.

4.23 Performance Management in 'excellent' councils

Again, the 'excellent' councils have by far the greatest proportion of positive comments about their scrutiny function's contribution to performance management and by contrast the 'poor' councils have no positive comments at all about scrutiny and performance management.

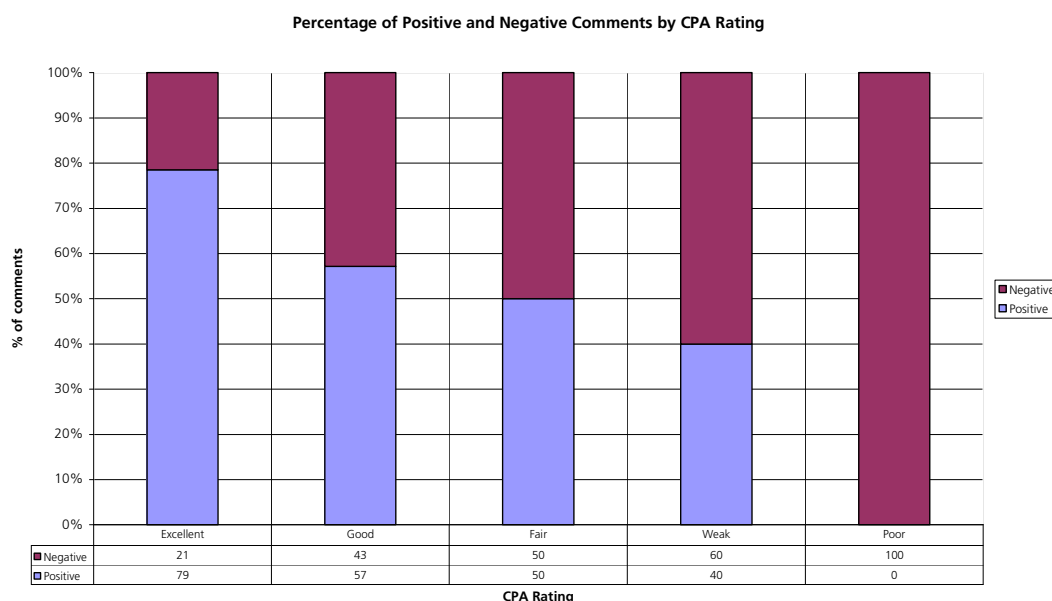


Fig 1.07: Positive and negative comments on scrutiny and performance management.

The comments focus predominantly on systems and processes as ways of assessing the effectiveness of performance management and say little about outcomes. In 'excellent' councils, the greatest strengths of scrutiny in relation to performance management were a balanced, effective and supported work programme and the structure and systems of performance management. The same is true across all CPA ratings - these two features make up 90% of the positive comments about scrutiny and performance management overall. Fundamentally, the positive comments reflect scrutiny arrangements and systems that systematically assess performance information and have a clear routine for this built into the scrutiny work programme:

Reports use a 'traffic light system' to identify changes in performance against local and national indicators.

A management dashboard system has simplified the number of performance indicators reported to councillors and senior officers from over 50 to 24.

The council has a clear performance cycle, as follows: scrutiny committees carry out service reviews, and look at performance on the current year, and use this to inform targets for the following year's service plans.

Conversely, the negative comments were about scrutiny arrangements that did not include performance management within the work programme and did not routinely assess performance information:

The council's scrutiny function does not review performance data as a matter of course.

By only reporting on performance at the end of the year the council had limited opportunity to identify under-performance and intervene where appropriate.

Do these negative comments reflect an Audit Commission view that scrutiny should always do performance management, regardless of performance levels? In an 'excellent' council there is arguably less need for scrutiny committees to review performance data "as a matter of course". Taking a risk-based approach they should be able to determine their programme for themselves and perhaps focus more on policy development and other council priorities. As the second comment above demonstrates, there is a risk in this - but councils, particularly high-performing ones, can weigh up that risk themselves, particularly in the light of pressures on capacity.

4.24 Investment and Learning in 'excellent' councils

In 'excellent' councils, the positive comments form over 90% of comments on scrutiny and 'investment' and 100% of comments on scrutiny and 'learning' - again by far the highest proportion of any CPA rating. 'Excellent' councils also had a greater range of different strengths in terms of investment, including the highest proportion of positive comments about member and staff development, demonstrating a link between high performance and investment in people. This link, although not proven as causal in this research, matches other sources of evidence on the causes of high performance.

The next figure demonstrates this in its depiction of the **distribution of the types of positive comments** made, subject to the five broad classifications developed by CfPS to provide a framework for analysing the comments.

- 1) Councillor and staff development,**
- 2) Exposure to external challenge,**
- 3) Exposure to internal challenge,**
- 4) Clarity of purpose,**
- 5) Structure of scrutiny arrangements.**

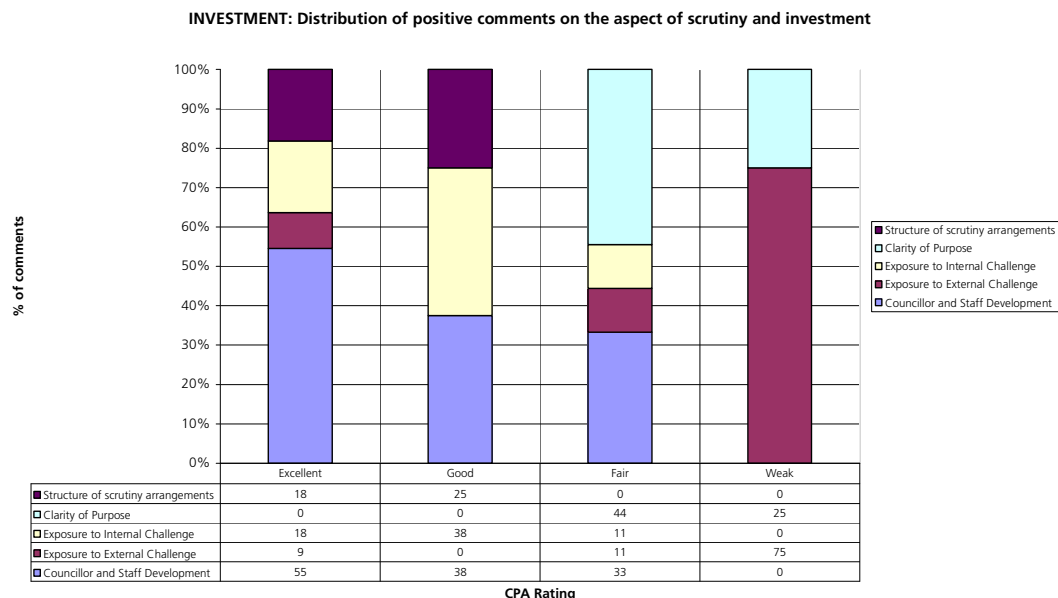


Fig 1.08: Distribution of positive comments on scrutiny and investment.

These two categories also seem to show 'excellent' councils in particular making successful use of external sources of support and improvement, with more references to a wide range of these, including the IDeA, peer challenge and academic support, for example from the Institute of Local Government Studies at Birmingham University.

4.25 Overall references to scrutiny in 'excellent' councils

Overall in these CPA reports, in 'excellent' councils scrutiny contributes to the council's overall success and high performance where it plays a central part in the work of the council as a whole and is used effectively to help deliver improvement.

The work of scrutiny has brought about policy change.

Organisational structure and use of scrutiny enables focus on priorities and on bigger cross cutting issues. Effective mechanisms are in place to ensure that staff and councillors focus on key issues.

Conversely, even 'excellent' councils can still fall down where scrutiny's remit is not clear and it has not developed its own role.

The purpose of overview and scrutiny is not yet clear in the council.

There is a need to move scrutiny from *reactive* to *proactive*.

4.3 Good District Councils

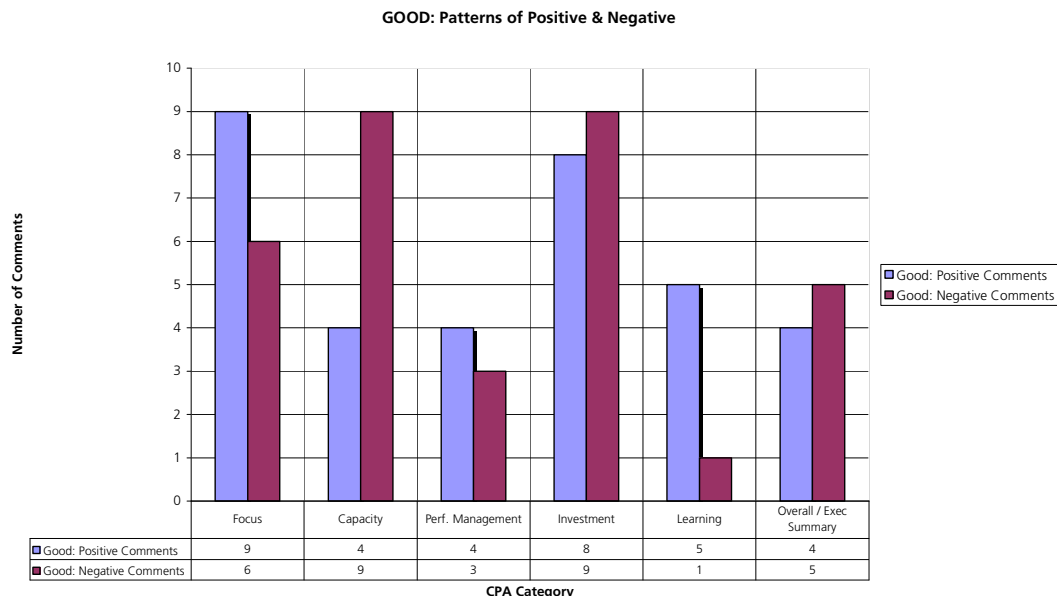


Fig 1.09: Distribution of comments across the KLOE within 'good' councils.

Fig 1.09 (above) shows the distribution of positive and negative comments about scrutiny within the 'good' rated councils. Overall there are more negative comments than positive, which may seem surprising given that these are 'good' councils which are broadly performing well. The majority of positive comments about the scrutiny function in the 'good' council reports are within the category of 'focus'. For example:

Scrutiny provides robust challenge because it receives information about performance and has task-and-finish groups reporting on key areas of work.

The majority of negative comments within the 'good' reports came predominantly from the 'capacity' and 'investment' categories. For example:

Capacity

Despite the council implementing a councillor development programme, take up was only 40 per cent of councillors. This has resulted in a missed opportunity for councillors to develop and enhance skills.

Investment

The need for sufficient dedicated officer support to make scrutiny fully effective has not yet been addressed.

4.31 Focus in 'good' councils

Although 'good' councils had more strengths in their scrutiny function than weaknesses, the proportion was lower than for 'excellent' and 'fair' councils, as shown in the figure below.

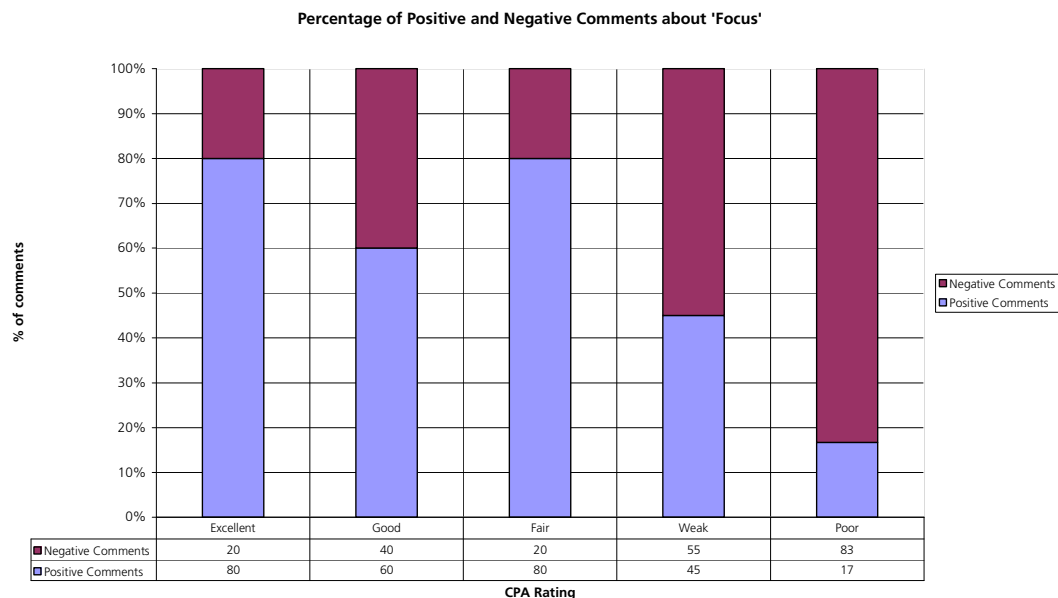


Fig 1.10: Positive and negative comments on the scrutiny function and focus.

The positive comments focus on the importance of elected members having a clear understanding of the council's priorities in order to focus their work programme.

Scrutiny is effective and focused when chairs have a clear understanding of priorities, which they are reflecting in their selection of issues for overview.

This is also illustrated by the criticisms of scrutiny's 'focus' in 'good' councils, which were all around member engagement and the effectiveness of their scrutiny activities:

Councillors spent a considerable amount of time looking at street nameplates rather than addressing strategic performance and policy issues.

Political tensions have caused adversarial activities within overview and scrutiny.

The delivery of value for money has not been rigorously challenged in all areas. Councillors' scrutiny of performance information was at fault.

4.32 Capacity in 'good' councils

As demonstrated in figure 1.09, the great majority (70%) of comments on 'capacity' in relation to 'good' councils and scrutiny were negative. The few positive comments are on relatively minor issues or note that the function has just started to improve:

Overview and Scrutiny has started to review performance indicators and the committee has a developing awareness of the significance of this information.

The focus of the negative comments is on scrutiny's lack of connectivity and clear purpose in contributing to the mainstream improvement of the council, the opposite of the approach, which we noted earlier as a distinguishing feature of 'excellent' councils' success with scrutiny:

Members of overview and scrutiny can feel disenfranchised and divorced from the main decision-making structures of the council.

Scrutiny is yet to focus on outcomes.

In the absence of a clear definition of purpose, scrutiny committees are engaged in some specific project work that they have selected for themselves and lack mechanisms to engage in either performance management or policy development.

In this context, it is also surprising that 'good' councils receive the highest proportion (33%) of negative comments about member development in relation to capacity. If 'good' councils are aspiring to become 'excellent', the evidence from this research suggests that one of the areas on which they need to focus is developing councillor capacity and leadership, since this is a feature unique to 'excellent' councils in relation to their scrutiny function.

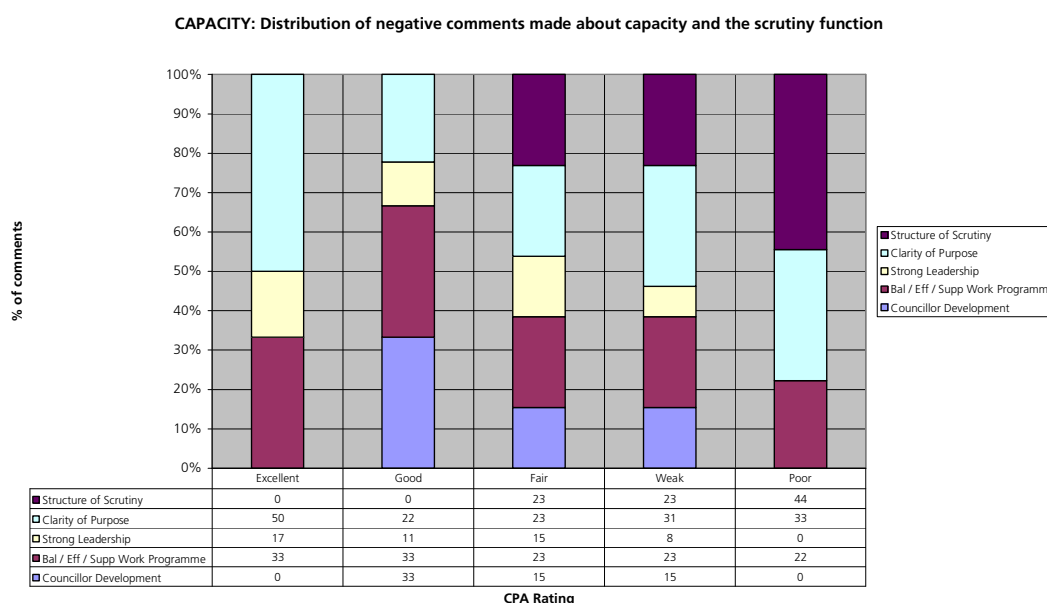


Fig 1.11: Distribution of negative comments about capacity and the scrutiny function

4.33 Performance Management in 'good' councils

The positive comments around scrutiny and 'performance management' in 'good' councils show some focus on outcomes, although in numerical terms the greatest proportion (75%) are again around the structures and systems of performance management.

Overview and scrutiny committees have been involved in identifying poor performing areas, such as sickness absence and planning turnaround times, and developing action plans to address them.

Conversely, the negative comments criticise those 'good' councils where members are not clear about their role in contributing to performance.

Performance management is seen to be the responsibility of officers and some councillors are not clear that ultimately accountability for the performance of the council rests with them.

4.34 Investment and Learning in 'good' councils

The pattern shown in relation to 'focus' is repeated even more strongly in 'investment', where negative comments outweigh the positive, and in 'learning', where just over 80% of comments were positive, compared with 100% for 'excellent' and 'fair' councils.

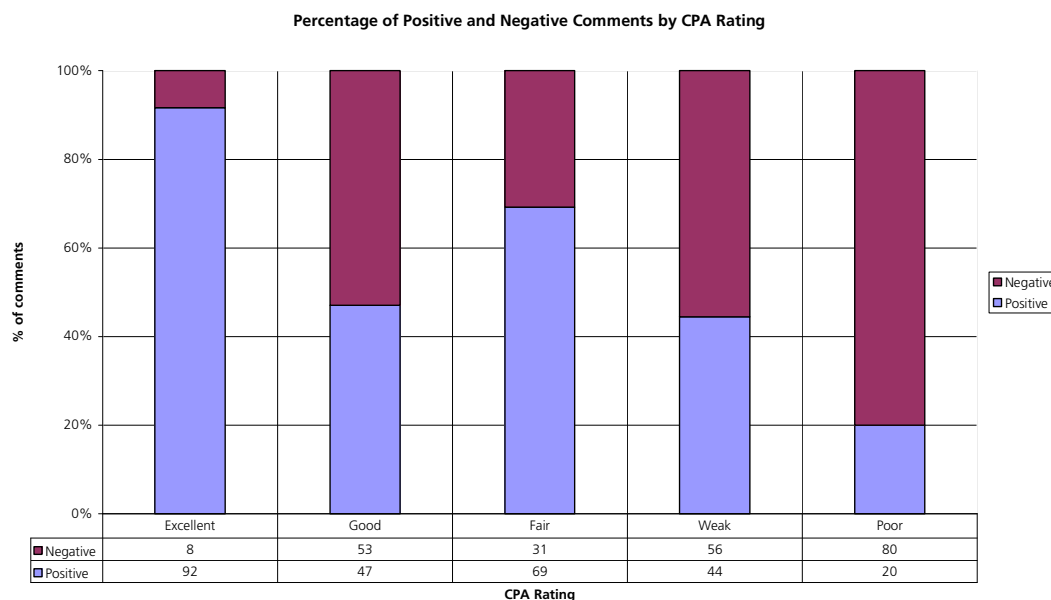


Fig 1.12: Positive and negative comments on scrutiny and investment.

The positive comments recognise where councils have invested in training and support and include an interesting example of councillors training officers rather than other way around.

The chair of scrutiny committee delivered training on the scrutiny function to all officers over a certain grade.

Overview and scrutiny and select committee arrangements have been changed to reflect councillor feedback and outcomes from external challenge.

However, 'good' councils had by far the highest number of negative comments about their approach to 'investment' in scrutiny. They also demonstrate a lack of internal clarity and challenge that was seen as hindering their ability to learn and improve.

The council does not have plans to invest further in councillor capacity or to deal with low attendance at training events.

4.35 Overall references to scrutiny in 'good' councils

The comments overall on the 'good' councils reflect the inherent difficulty for councils in getting the politics right - a certain amount of consensus is positive, enabling stability and focus, but too much means a lack of challenge. The factors which give a

culture a "healthy, inclusive and consensus style" in one council, yet lacking "self-awareness" and "robust challenge" in others are not analysed in these CPA reports and require councils to be self-aware about their political culture and its impact on performance.

A healthy inclusive, consensus style of decision-making has been developed and the council is able to concentrate on the agenda for change because of a stable political environment.

The council must develop more self-awareness and improve the extent to which it challenges itself, particularly through the scrutiny panel.

Scrutiny is under-developed and does not provide the executive board with robust challenge.

There are common themes in these reports, however, which suggest that 'good' councils need to develop a stronger degree of focus, internal challenge and self-development. Improvements to the scrutiny function in these areas will in turn help the council drive improvement overall from a good standard of performance to the highest level of excellence.

4.4 Fair District Councils

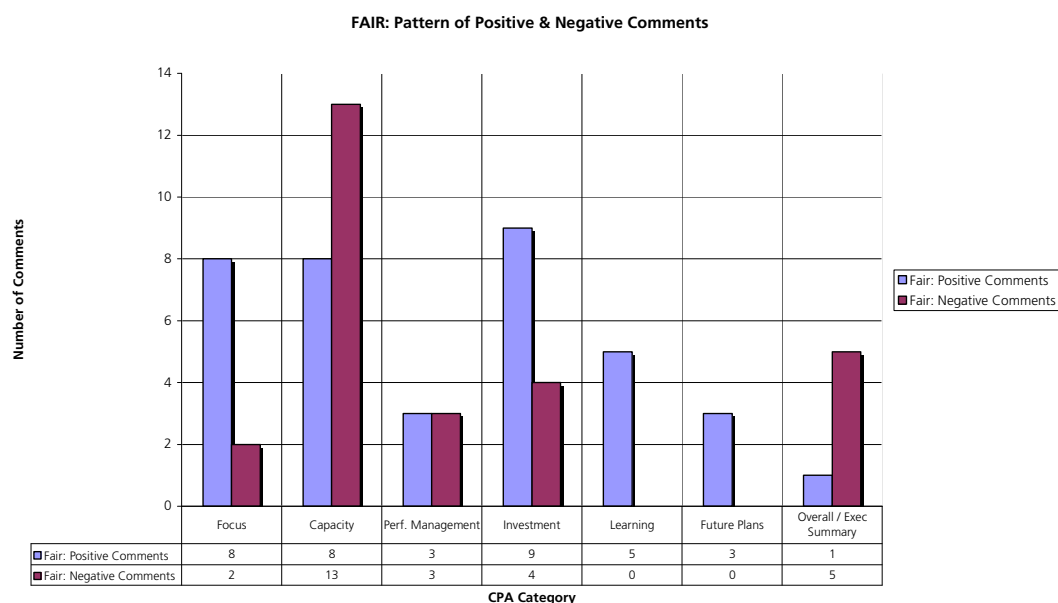


Fig 1.13: Distribution of comments across the KLOE within 'fair' councils.

Fig 1.13 shows that the highest numbers of positive comments on scrutiny in 'fair' councils are made within the 'investment' category. For example:

The council has invested in scrutiny through the creation of a new officer post to give scrutiny appropriate support

The majority of negative comments within the 'fair' reports came predominantly from the 'capacity' category. For example:

The level of debate at meetings is variable: councillors sometimes become focused on operational issues rather than the council's wider corporate responsibilities.

4.41 Focus in 'fair' councils

In relation to 'focus', there are only two negative comments overall, suggesting that this is a strong area for 'fair' councils. They may be better at focusing on what needs to improve than 'good' councils, for example, who may be at what they consider an acceptable level of performance already, or than 'weak' councils, who may have too many improvement priorities to be able to focus effectively. The comments suggest a degree of effort and drive towards improvement and that scrutiny is seen as an active contributor to this.

Backbench members are actively engaged in the work of scrutiny and there is a track record of recommendations from scrutiny reviews being implemented by the executive.

The council's scrutiny function has been planned to ensure that its work reflects the corporate plan, and further changes to the scrutiny programme are intended to sharpen the focus on the council priorities.

4.42 Capacity in 'fair' councils

'Capacity' is by far the weakest area for scrutiny in 'fair' councils, reflecting the fact that a key challenge for councils on an improvement journey is a lack of capacity. However, the comments demonstrate that where scrutiny is planned and has a clear work programme it can in fact enhance capacity and help the council improve.

Scrutiny work is planned appropriately, relating activity to corporate priorities, and offers a useful element of challenge.

Conversely:

The lack of clarity about the role and remit of the Overview and Scrutiny Committees has led to some apathy amongst councillors.

4.43 Performance Management in 'fair' councils

The key weakness in relation to scrutiny and 'performance management' in 'fair' councils is around a lack of clarity of purpose:

At the time of the inspection councillors did not see a role for overview and scrutiny in performance monitoring.

However, as the figure (**Fig 1.14**) below demonstrates, 'fair' councils' strengths in relation to performance management are in connection with the work programme, which may also be connected to their strengths in terms of 'focus'.

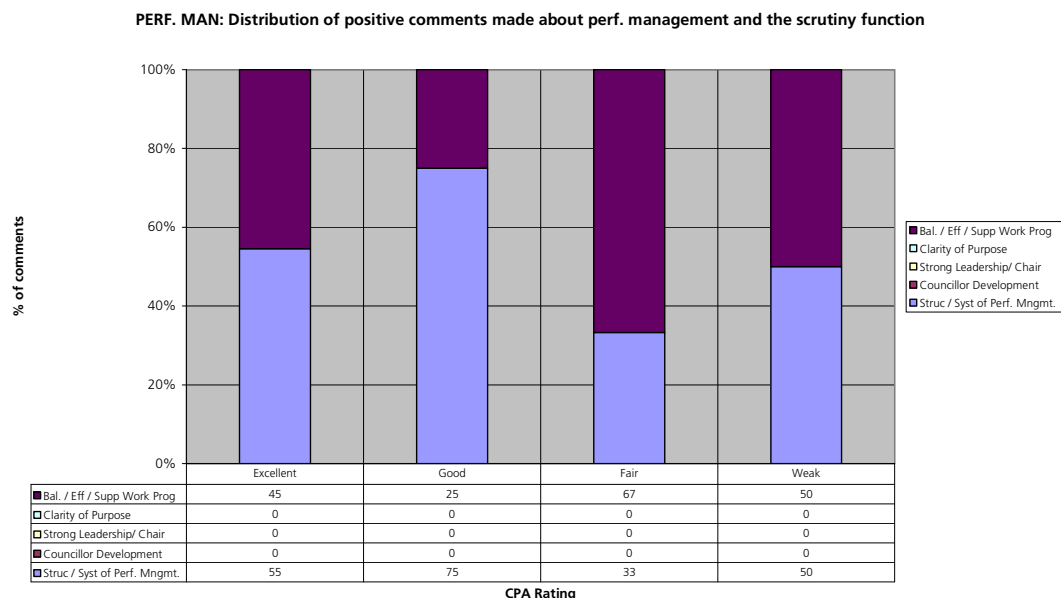


Fig 1.14: Distribution of positive comments about performance management and the scrutiny function.

4.44 Investment and Learning in ‘fair’ councils

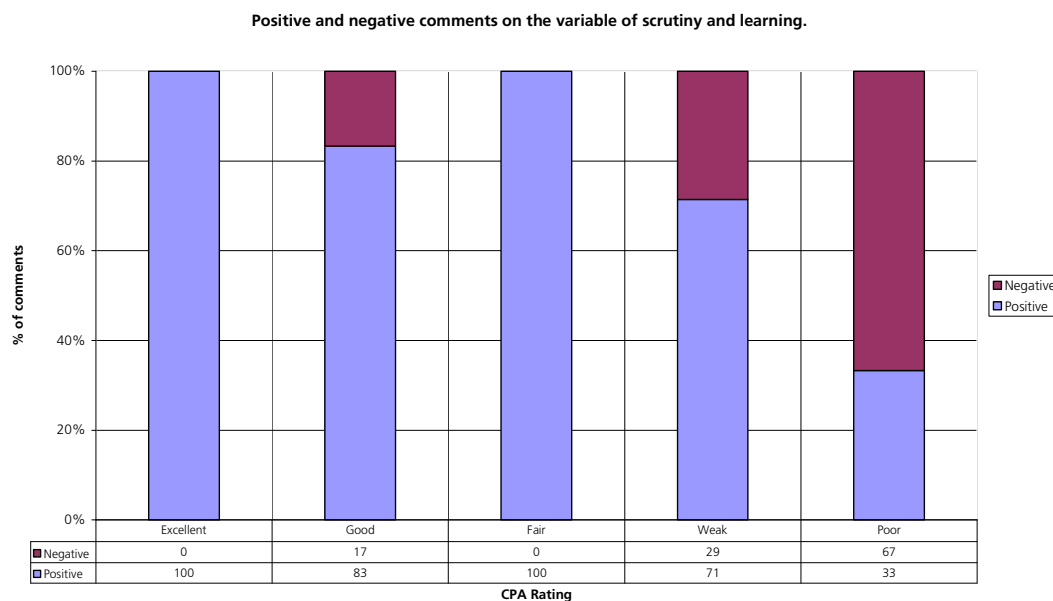


Fig 1.15: Positive and negative comments on scrutiny and learning.

As demonstrated in the figure above (**Fig 1.15**) all comments about 'learning' from scrutiny in 'fair' councils are positive. Over two-thirds of comments on 'investment' in scrutiny in 'fair' councils are also positive. The comments below demonstrate the link between learning, investment and improvement, from a positive and a critical perspective. Investment in scrutiny should be viewed as 'invest to save' since it can then contribute to further improvement.

Changes being introduced to a scrutiny programme are intended to focus more specifically on delivering the council's priorities.

The council has failed to invest in providing an appropriate level of support to scrutiny with the consequence that scrutiny is not operating effectively.

4.45 Overall references to scrutiny in 'fair' councils

Overall, the positive comments about scrutiny in 'fair' councils demonstrate the importance of clarity about scrutiny's role in contributing to an improving council's agenda. Conversely, the criticisms focus on a failure to provide challenge and ensure elected members are playing their role in contributing to improvement.

The role of scrutiny is clearly understood and well placed to provide effective challenge.

Internal challenge through scrutiny is currently weak.

4.5 Weak District Councils

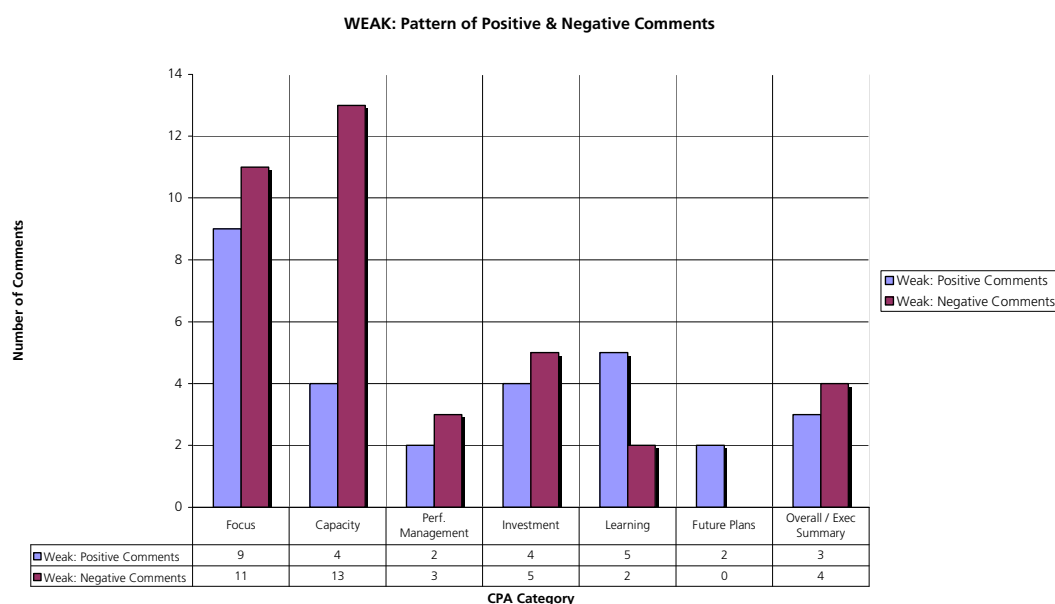


Fig 1.16: Distribution of comments across the KLOE within 'weak' councils.

Fig 1.16 (above) shows that the scrutiny function in 'weak' councils has most strength in relation to 'focus.' For example:

Opposition parties offer an effective challenge to the ruling group and an effective scrutiny function helps to maintain focus.

Again, the majority of negative comments on scrutiny within the 'weak' reports came from the 'capacity' category. For example:

The peer challenge team found that scrutiny was overly political.

Councillors tend to focus on operational matters rather than the strategic management of the council.

4.51 Focus in 'weak' councils

'Focus' had the most positive comments for 'weak' councils in relation to scrutiny, although still outweighed by negatives. Over two-thirds of positive comments emphasise the importance of scrutiny having a clear and focused work programme.

Improved use of scrutiny via a focused programme of work and officer support helps the council maintain a focus.

Conversely the key weaknesses in 'focus' for 'weak' councils were around scrutiny's role in improvement not being clear or focused on the core work of the council.

Scrutiny workplans are not systematically driven by the council's priorities.

4.52 Capacity in 'weak' councils

'Capacity' had the highest proportion and variety of negative comments on scrutiny, demonstrating again the 'Catch-22' problem for lower-performing councils, where they lack the capacity to invest in supporting scrutiny, which therefore lacks the capacity to contribute to further improvement.

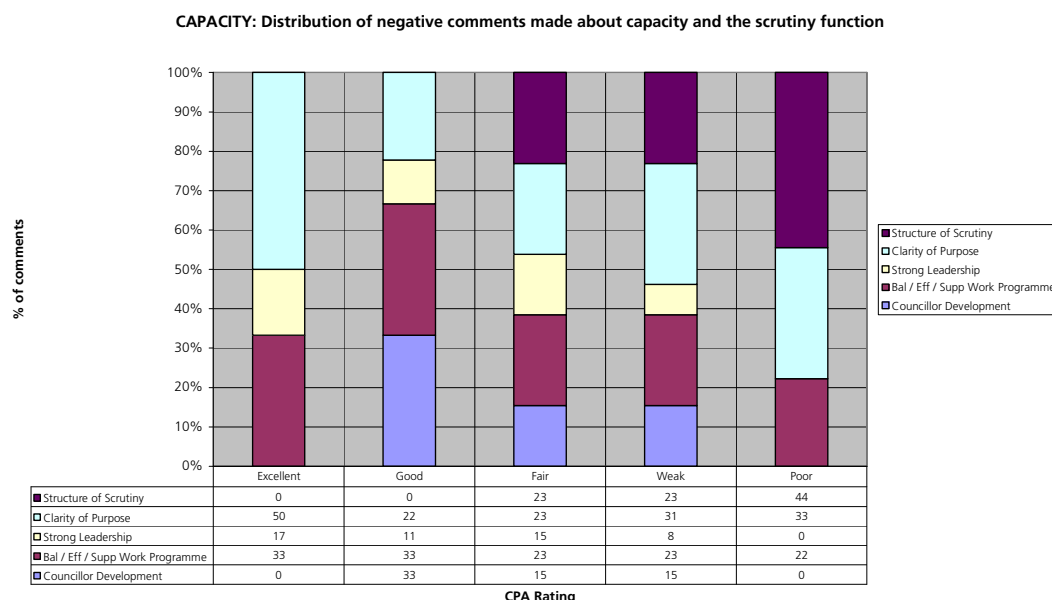


Fig 1.17: Distribution of negative comments about capacity and the scrutiny function

The figure above demonstrates the wide variety of negative comments in relation to 'capacity' in 'weak' councils, and the comments below show the particular negative effect which party politics is seen to have on scrutiny in these councils.

The limited experience of many councillors, together with the intensity of party politics, inhibits scrutiny of the council.

Opposition councillors expressed some frustration that they were not able to get a number of issues considered by the [scrutiny] committee.

4.53 Performance Management in 'weak' councils

In 'weak' councils scrutiny seems to play a limited role in 'performance management' and is rarely commented on in the CPA reports. Any positive comments are on the existence of fairly basic processes such as quarterly monitoring reports.

Scrutiny is beginning to make effective use of performance information through quarterly reports.

The overview and scrutiny committee and policy committees only rarely discuss service or financial performance.

4.54 Investment and Learning in 'weak' councils

Even in these 'weak' councils, there is evidence that scrutiny can work constructively and innovatively to contribute to improvement through 'investment' and 'learning'. In particular, 'weak' councils seem good at learning from external sources, with 75% of positive comments about 'investment' coming from exposure to external challenge and 80% of positive comments about 'learning' coming from external sources.

Scrutiny is being improved by positively encouraging external challenge through the chairman from the opposition party and representation from the youth council and tenants association who have full voting rights.

There are examples though where the council learns from others to develop service improvements, for example involving external influences in its scrutiny procedures.

However, there is a predominance of criticisms around 'weak' councils' failure to invest in member development, as the figure (Fig 1.18) and comments below show.

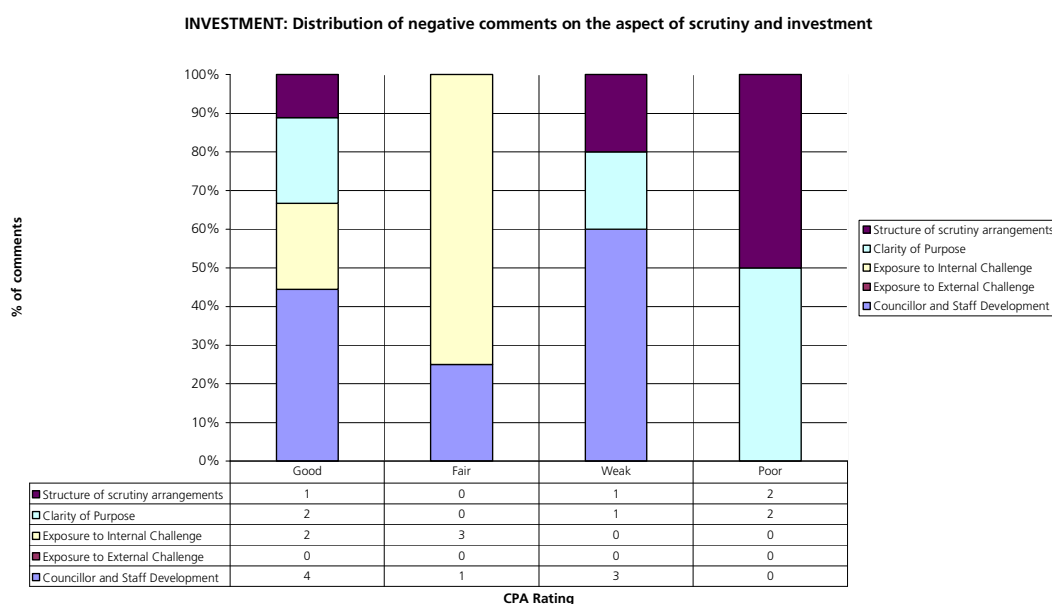


Fig 1.18: Distribution of negative comments on scrutiny and investment.

Some work has been done on scrutiny and member development but not followed through.

Councillor training is provided but not always well attended.

This again illustrates the negative cycle of low capacity – low investment – low capacity, which poor performing councils need to break out of in order to make a step-change in improving their performance.

4.55 Overall references to scrutiny in ‘weak’ councils

Overall, the positive comments about scrutiny in 'weak' councils recognise the contribution it can make to improvement:

The council has introduced new scrutiny arrangements to strengthen budget planning and control.

Conversely, the negative comments demonstrate that when there is a lack of clarity about scrutiny's role, it adds little to the key problem of the capacity of the council:

Councillors are not clear about their roles, particularly the different responsibilities of the policy and scrutiny functions.

4.6 Poor District Councils

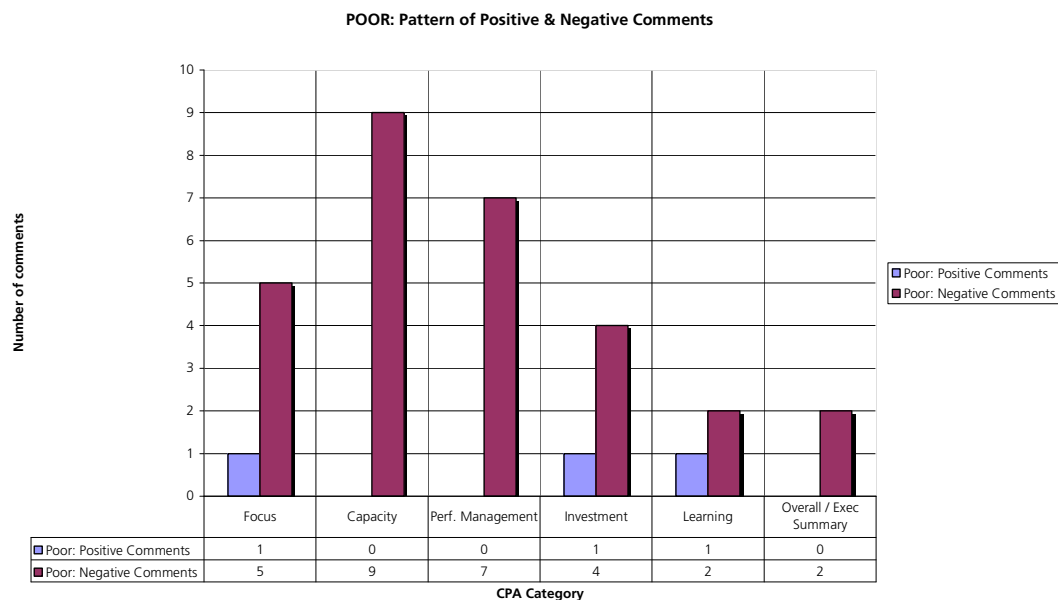


Fig 1.19: Distribution of comments across the KLOE within ‘poor’ councils.

Fig 1.19 shows the distribution of comments across the ‘poor’ council reports. There are only three positive comments split across three different categories ('focus', 'investment' and 'learning'). Overwhelmingly, therefore, the comments are negative and where there is a positive comment it tends to be referring to a small pocket of

good practice, not linked to rest of council. It should be borne in mind that this is a smaller sample than for the other CPA rankings.

The majority of criticisms of scrutiny within the 'poor' reports came predominantly from the 'capacity' category. For example:

**There are a large number of reports that are accepted without challenge.
Councillors do not consider officers are taking scrutiny seriously.**

The overall approach of scrutiny is to justify what the council has done rather than to identify changes and actions both to prevent re-occurrence.

4.61 Focus in 'poor' councils

As the figure below (**Fig 1.20**) demonstrates, there is a greater range of criticisms in the two lowest CPA ratings in relation to scrutiny and 'focus', with a particular emphasis on weaknesses in the scrutiny structure and how it contributes to the improvement and priorities of the rest of the council. The comments that follow give a qualitative sense of the problems.

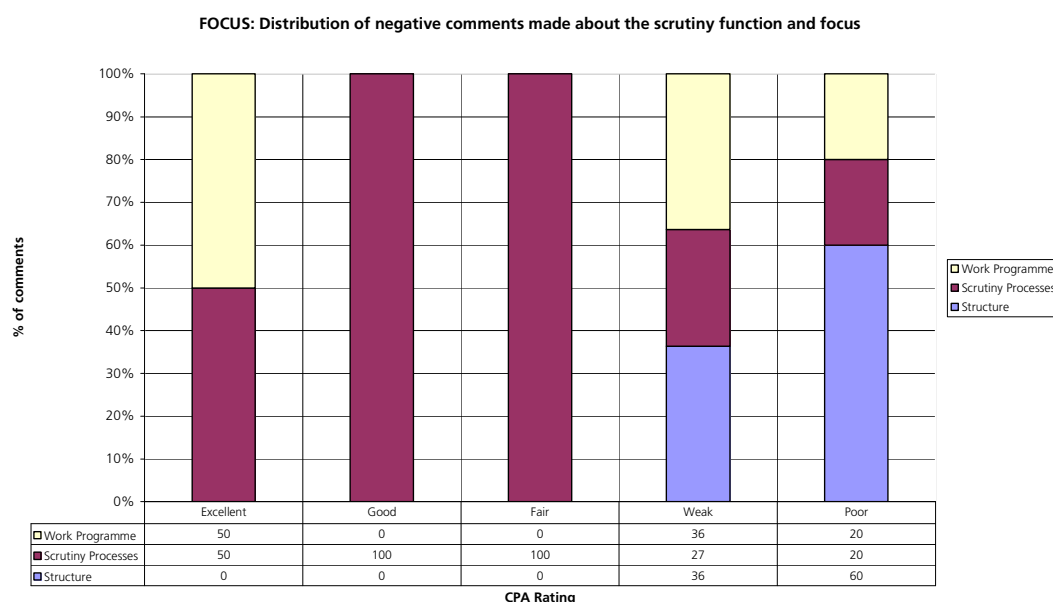


Fig 1.20: Distribution of negative comments made about the scrutiny function and focus.

The role of scrutiny is currently underdeveloped and does not contribute to challenging progress in key areas.

The council's overview and scrutiny committees have considered short-term problems and their annual work plans are not linked to the council's priorities.

4.62 Capacity in 'poor' councils

As figure 1.17 in the 'weak' councils section on 'capacity' demonstrates, capacity is key challenge for low performing councils. The negative comments below illustrate the lack of support and development for scrutiny in 'poor' councils. Again, a lack of clarity about how scrutiny links to the rest of the council diminishes its effectiveness.

There is little support to the members of scrutiny committees.

Working and reporting arrangements between the executive and scrutiny are unclear and consequently more decisions of the council are called in.

4.63 Performance Management in 'poor' councils

There are no positive comments about scrutiny and 'performance management' in the 'poor' councils' CPA reports, and the figure below demonstrates that the 'poor' councils have a wider range of criticisms about their scrutiny function.

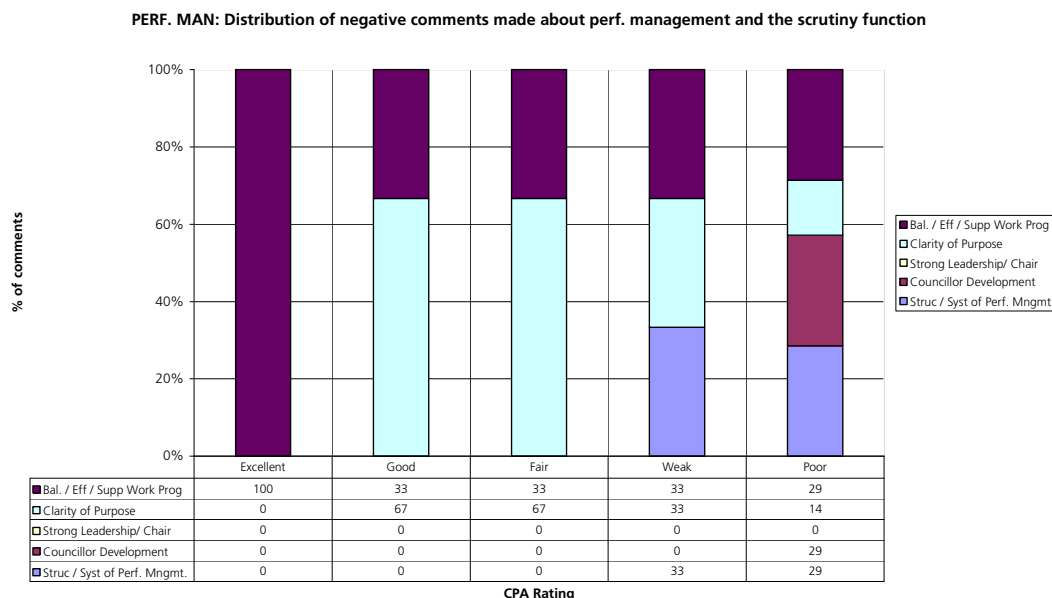


Fig 1.21: Distribution of negative comments about performance management and the scrutiny function.

The comments below illustrate this variety of problems, mainly focusing round a lack of basic performance management systems across the council. In these comments, scrutiny's weakness comes across as a symptom of this general lack of information and systems rather than a cause.

There is a lack of data and systems of accountability for performance.

Member confidence in performing their role in the scrutiny of performance is low.

4.64 Investment and Learning in 'poor' councils

There are a limited number of comments about 'investment' and 'learning' in relation to scrutiny in the 'poor' councils, and they reinforce the perception of poor systems and a failure to address or learn from problems. There is one positive comment but it refers to an isolated example of good practice rather than a systematic approach:

The way council business is conducted, does not encourage learning or the sharing of that learning, but there are pockets of learning by small groups of members involved with scrutiny.

Scrutiny work is duplicated with that undertaken by best value reviews.

4.65 Overall references to scrutiny in 'poor' councils

There are two overall criticisms of scrutiny in 'poor' councils which seem to sum up the weaknesses of scrutiny overall across all categories - in order to flourish in the role that it can play in contributing to improvement, scrutiny needs both investment and a culture of challenge.

Scrutiny does not provide effective challenge and there is no systematic training for all councillors.

Investments in some of the key building blocks to allow the council to move forward are still under-developed, such as a culture that allows effective decision-making and scrutiny.

4.7 Summary of analysis by CPA Rating

From the table below, it is evident that the strengths of scrutiny across the CPA ratings are within the 'focus' and 'investment' categories. The 'weak' and 'poor' ratings are the only categories where negative comments about focus outweigh the positive.

Overwhelmingly most weaknesses in scrutiny are within the 'capacity' category. Only within 'excellent' councils do positive comments outweigh the negative in this KLOE.

| | Most Positive Comments | Most Negative Comments |
|------------------|----------------------------------|-------------------------------|
| Excellent | Perf. Management / Investment | Capacity |
| Good | Focus | Capacity / Investment |
| Fair | Investment | Capacity |
| Weak | Focus | Capacity |
| Poor | Focus / Investment / Learning | Capacity |

4.8 Summary of analysis by KLOE

The following table documents the most frequent category of comment made within the positive and negative comments within each 'key line of enquiry.'

| Key Line of Enquiry | Positive Comment | Negative Comment |
|-------------------------------|--|---|
| Focus | The work programme of scrutiny. | Scrutiny practice and member engagement |
| Capacity | Clarity of purpose of scrutiny process / practice & Structure of scrutiny / effective links between scrutiny and council | Clarity of purpose of scrutiny process / practice |
| Performance Management | Structure / systems of performance management | Balanced / effective / supported work programme |
| Investment | Councillor and staff development | Councillor and staff development |
| Learning | Learning from <i>external</i> sources | Learning from <i>internal</i> sources |
| Future Plans | Looking at own example of scrutiny arrangements | N/A |
| Overall / Exec Summary | Structure / arrangement / processes of scrutiny | Structure / arrangement / processes of scrutiny |

"Scrutiny and the CPA"

Successful Improvement CPA Case studies

5.0 Chester-le-Street District Council

In 2004, Chester-le-Street District Council was rated as 'poor' for the delivery of services and the way the council was run following the last inspection round of the Audit Commission Comprehensive Performance Assessments (CPA). Within the report were some comments on the district council's overview and scrutiny function.

At the time of the inspection, the report noted that a leader and executive structure had been in place since 2001, which was supported by three scrutiny committees, named advisory and review panels. It reported that a change in political leadership in the previous year had resulted in a fifty percent change in councillors, many of whom were new to local government.

Specific comments relating to the scrutiny function included the following:

"Performance monitoring is poor. Councillors and officers have little awareness of what the council has or has not achieved. Service team managers regularly report performance to the appropriate scrutiny panel but councillors struggle to interpret or analyse the information, which impedes sound decision-making. Without better systems for managing performance the council will not achieve its longer-term objectives."

"The council's advisory and review panels are now held within community venues, which have been well received by the public. But recent training events with councillors have identified the need for a stronger focus on work programmes, further training and corporate priorities."

"Scrutiny is underdeveloped."

It was clear that the overview and scrutiny function was somewhat ineffective and did not provide an adequate performance management role whilst lacking a strong focus on work programmes, member training and corporate priorities. As the last quote reasonably concludes, scrutiny was underdeveloped and was undermining the council's longer-term objectives.

Since the inspection in 2004, overview and scrutiny at Chester-le-Street has been looked at in some depth and as a result of workshops and discussions, a number of options were provided to revolutionise the organisation of the function. Below are a series of interviews with individuals at the district council, assessing how scrutiny has developed and improved as a result of the Audit Commission's report.

**Ian Forster,
Assistant Chief Executive,
Chester-le-Street District Council**

"I do not think that the council was surprised by the Audit Commission's assessment of Chester-le-Street District Council in 2004. There was a distinct realisation that there needed to be a significant change across the council, including the overview and scrutiny function. At the time, scrutiny across the country was not necessarily very well established and developed. At the time, there had been significant change in membership of the council and hence there were not a lot of skills surrounding the scrutiny function. Furthermore, the support and structure required for overview and scrutiny to function was not as it ought to have been. At the time we lacked even a specific officer to help facilitate the scrutiny function's work."

In the past, the council had previously argued against results of inspections but on this occasion, the council agreed that something needed to be done rather than defend itself and react negatively to criticism.

"In the first phase of improving the scrutiny function, we made progress to address the weaknesses. We obtained a dedicated scrutiny officer and ensured that members were receiving training. For example, IDeA helped us with member support and development. We subsequently developed an action plan with IDeA on how to improve the scrutiny function, on matters such as members challenging performance and developing constructive relationships with officers. In the first phase we really addressed the underlying root faults of the function.

After this, as part of a drive for continuous improvement, we asked whether the structure of scrutiny was serving what we were trying to achieve. In the previous year we had developed a new corporate plan, which for the first time, contained clear priorities based on what our communities and partners were saying to us. We felt that the way scrutiny was organised was a problem. Were these panels sufficient? Was the structure allowing us to further improve scrutiny arrangements? It was agreed that the second phase of improvement should be based on structural issues. The previous structure of scrutiny was based on three old council objectives and there was clearly a lack of focus on key priorities. Did the number of panels need to increase or decrease? What should be the focus of these new panels? Therefore the second phase "Future of Scrutiny" workshop gave everyone a chance to review and improve the structure of the function."

The Future of Scrutiny

A workshop to assist decision-making on the future of scrutiny panels at Chester-le-Street District Council

In 2006 a member workshop was undertaken to assist the council in reaching a decision about the future role of scrutiny at the district council. The workshop aimed to share the experience from other scrutiny members and officers in the region and as a result, challenge the existing arrangements. It was hoped that by consulting with members and learning from others it would facilitate a more effective scrutiny function.

The workshop heard presentations from the council's leader, assistant chief executive, Blyth Borough Council and Easington District Council followed by a breakout session dedicated to asking what should be the focus for scrutiny, what structure would best support this focus and what options would suit Chester-le-Street most. Members had the opportunity to raise concerns, ideas and innovations at the sessions and were encouraged to think broadly about what was possible. It was finally concluded that the scrutiny panels needed to be focused on either the council's portfolios, local area agreements or externally.

At the end of discussions, the members reached a consensus that supported a structure which remained as three distinct panels but which focused on current issues. Furthermore, this structural change was to be backed up by significant variations in the scrutiny process reflecting the feedback and discussion points raised by the event's participants.

Nigel Cummings, Scrutiny Officer, Chester-le-Street District Council

How does scrutiny now deal with performance monitoring?

"Scrutiny of the council's performance is now done by using quarterly reports. The assistant chief executive takes the scrutiny panels through the various aspects contained within the report and then answers questions from our members on the information. This questioning session did not happen before. In the report there are details on a wide-range of key issues and information on performance relating to targets that have not been met. If members still had questions, he would get back to them in writing if he were not able to answer at the time."

How are members helped, if they struggle to interpret or analyse information provided to them?

"Each member gets their own report with charts and a simple performance monitoring system with diagrams, circles and triangles, which guides the reader to the performance status of certain indicators and informs on any improvements. It is clear and easy for the members to read and understand because everyone can see at a quick glance where there are areas for concern. Where things are failing, there will be comments about remedial measures and what each department is going to do to improve the situation along with the reasons behind the original failure. In this way, members are told information upfront and receive vital answers."

How are work programmes focused?

"Our work programmes are focused around the council's corporate priorities. When we reviewed our scrutiny function last year, members were very keen to ensure that the panels had a more focused approach to the council's corporate priorities along with the priorities of the local community. At the moment we are looking at things that we have not done before and we are starting the 2007 work programme by trying to involve the public and community groups. We are becoming more focused than ever and everything is planned for this year, whilst allowing for flexibility. Importantly, we will look at the work programme on a six-weekly basis and we will then adapt and change to the shifting demands."

Have members received any training regarding the scrutiny function?

"Our councillors are now always training. For example, members are involved in training relating to the CCfA and LINKs. The council are also putting together a new comprehensive induction-training programme for scrutiny. We also have training for scrutiny chairs relating to public involvement and engagement."

How does overview and scrutiny relate to corporate priorities?

"Before the changes to scrutiny, the panel topics were unrelated and out-of-date as the council had evolved and those previous titles and remits were obsolete. Now the panels are linked up to the corporate priorities and therefore have an updated remit and role."

Conclusion

Chester-le-Street District Council have actively sought to improve the overview and scrutiny function as a result of the Audit Commission's corporate performance assessment. By addressing specific issues and acknowledging serious underdevelopment, the council has been able to significantly improve the chances of achieving its long-term objectives. Below are some of the improvements made, which seem to have a direct impact to the comments made in the Audit Commission's inspection report.

- Through the provision of scrutiny officer support, councillors are less likely to **'struggle to interpret or analyse the information.'**
- An easier to understand performance-monitoring report with diagrams, warnings and explanations along with presentations from the assistant chief executive will counter the comment that **'performance monitoring is poor.'**
- Working with an external body to provide member development may have satisfied the **'councillors who identified the need for a stronger focus on training.'**
- Changing the structure of the scrutiny function in order that the panels reflect corporate priorities would answer the statement that **'councillors have identified the need for a stronger focus on corporate priorities.'**
- Holding a workshop to receive feedback from members about the scrutiny function and hearing best practice from neighbouring authorities whilst amending their own function has meant that scrutiny may no longer be considered **underdeveloped.**

“Scrutiny and the CPA” Successful Improvement CPA Case studies

6.0 London Borough of Hackney

Ben Vinter and Joanna Sumner

In 2002 Hackney's CPA score was “poor”. We scored 1 in our corporate assessment, carried out shortly before our first directly elected Mayor Jules Pipe was elected. This followed 12 months in which the operation of the Council had been governed by a series of specific government directions and conditions of grant.

The report described the overview and scrutiny function as “particularly weak” and recommended that we,

“Improve the scrutiny process to ensure it contributes to policy development and is an effective formal challenge mechanism holding the mayor, cabinet and officers to account. This to include a key role in developing and monitoring the improvement plan.”

“Progress in developing the overview and scrutiny panel has been very slow. Members are keen to engage in the process but are frustrated by the lack of officer capacity and the way that it is being managed.”

In 2004 Hackney's CPA rating moved up to “weak” and the corporate assessment report highlighted significant progress since 2002, attributed to investment in training for members and to better prioritisation and focus. Inspectors found that the work of scrutiny commissions was aligned to the Council's highest priorities for service and organisational improvement, the 34 “key deliverables.”

“The scrutiny process is starting to add some value through both challenging performance and policy development. Scrutiny reports into educational attainment of some minority ethnic groups and health scrutiny reports have been particularly well received.”

Our 2006 corporate assessment found the authority to be “establishing the foundations for achieving excellence” and we scored a 2 under the “harder test”. In February 2007 our overall CPA rating moved from 1 to 2 stars, and we continue to be judged to be “improving well”. Mayor Jules Pipe was re-elected in May 2006 for another four years, and over the last six years we have seen an increase of 50 percentage points in levels of net satisfaction with the Council.

Scrutiny was found by 2006 to have improved but, “does not sufficiently challenge service performance.”

In relation to capacity:

“Scrutiny is not yet fully effective in supporting decision-making, There have been a number of detailed reviews which have had a positive impact on policy, for example the markets strategy. However, the

function does not challenge performance of services sufficiently. During our inspection, scrutiny panel members identified several areas where better scrutiny could lead to improved performance. These included recycling, management of council assets and housing.”

In relation to performance management:

“Progress has been made in establishing performance monitoring as a routine activity, performance monitoring reports are detailed and reviewed three monthly by Councillors and monthly by departments. There is guidance and training for Councillors and the Council is aware of how it performs on PIs. However the scrutiny process is not sufficiently focused on challenging service performance.”

“External assessments of councillor training demonstrate high standards of training supporting a strong culture of decision making. It is now effective for those receiving it but the training is not always well attended. Scrutiny training does not sufficiently support Councillors to challenge and manage performance.”

Changes to scrutiny over the last 12 months

The 2006 corporate assessment, the elections of 2006 and the recent appointment of a new management team as part of a reshaping programme presented an ideal opportunity to re-focus and re-launch Overview and Scrutiny in Hackney – celebrating achievements over the last 5 years, but also being honest and open about the challenges that remained.

Since the last inspection Overview and Scrutiny has sought to accelerate the pace of change through the delivery of a revised process that provides effective support to Members and appropriate levels of engagement with both Directorates and the Executive.

Councillors and officers recognise and appreciate that there is now a more obvious coherence and purpose around the way that we approach scrutiny, and that the improvements being targeted can best be sustained through evolution and continual improvement rather than outright revolution.

Some of the measures that have been put in place since the inspection include:

- Delivery of an annual scrutiny work programme conference in March each year aligned with scrutiny annual report cycle and production of Corporate Plan.
- This process establishes a forum where the substantive Overview and Scrutiny reviews for each municipal year are agreed and planned at a high level in three way discussions between leading Overview and Scrutiny Members, Corporate Directors and the Executive. Ensuring that chosen reviews are appropriately supported, match corporate priorities and have recommendations that are more likely to be acted upon.
- Delivery of Directorate Specific Question Times led by Cabinet Members with support from Corporate Directors. This mechanism allows for service issues, challenges, successes and intelligence to be shared with Members and also for the annual identification of corporate wide themes for additional focus - for

example in 06/07 this was Social Inclusion. These sessions also create the ideal forum for overview and scrutiny to expand its critical friend role – a necessary function particularly valuable in an authority such as LB Hackney with a substantial majority party.

- Overview and Scrutiny Board has begun reviewing quarterly performance information on an exceptions basis and the information is now shared with them earlier in the performance assessment process.

Members of the Executive whose portfolio covers underperforming areas now regularly attend to answer questions and the enhanced timeliness of this process increases its value.

Our performance in 84% of PIs has improved over the last year putting us among the most improving councils in the country. But we know that in too many areas this still places us, in absolute terms, in the bottom quartile nationally. As a result consistent under-performance in an area may result in that area being offered to Overview and Scrutiny as a potential task and finish review.

- Each Scrutiny review is sponsored by a Corporate Director and/or a Team Hackney (LSP) lead. Terms of Reference for reviews are drawn up in consultation with nominated leads ensuring relevance, purpose, value and outcome driven reviews.

Scrutiny Commissions recognise that much of what makes Overview and Scrutiny effective is in both the choice of subject but also in the way a review is planned. Such dialogue and preparation are also assisted through increased joint working between the Overview and Scrutiny function and the borough's research and consultation teams.

- Mechanisms for post-review response to recommendations have been enhanced. Finalised Overview and Scrutiny Reports are targeted at appropriate Team Hackney themed partnerships and Corporate Directors for responses detailing implementation.

This measure ensures that Scrutiny Commissions receive comprehensive and joined-up responses to their reviews which increasingly tackle pan organisation issues.

- Contact between lead Overview and Scrutiny Members and Corporate Directors, senior officers and the executive has been increased so as to ensure that scrutiny is more often involved earlier in pending decisions, factored into appropriate projects or planned areas of work and that scrutiny outcomes and recommendations are taken forward

Such an approach further enhances in tandem with a number of other initiatives (above) the way that Overview and Scrutiny supports and challenges decision-making.

- Much has been done to maximise community involvement in Overview and Scrutiny through, for example, the more effective promotion of reviews, adoption of a revised co-optees policy and subsequent recruitment and use of surveys to capture residents' views on work programmes.

Joanna Sumner
Assistant Director, Policy and Performance,
London Borough of Hackney

"We couldn't argue that the earlier stages of our improvement journey were driven by the scrutiny function, but it's contributed to the way we've improved as a whole organisation - in our performance management, working with partner organisations, and in member training. Changes we've made over the last year towards strengthening scrutiny's "critical friend" role - working in a more collaborative way with the executive, and with our corporate directors, in policy development, while offering a more robust challenge to poor performance, have amounted to a step change. Scrutiny is now in a really strong position to offer the challenge and support to keep the momentum going for Hackney when we know we still have some way to go to be among the best performing councils."

Cllr Eric Ollerenshaw,
Chair of Overview and Scrutiny,
London Borough of Hackney

"I have been involved with Overview and Scrutiny in Hackney since the very beginning and believe that as with the rest of the organisation we have been part of a long journey of improvement and capacity building - As both the Chair of Overview and Scrutiny and the Leader of the Opposition it's fair to say there has always been tension about what is needed but not always an unhealthy tension! However I recognise and value the increasingly systematic approach we now go about scrutiny in Hackney and also the increased support and engagement we are now experiencing from all quarters as we as Councillors and Officers learn how to use scrutiny to secure real improvements in the quality of life for the people of Hackney."

Next steps

There are further academic led member development and reflection sessions scheduled in the spring 2007. The development of both officer and member training initiatives is being planned in order to further develop a corporate wide understanding of the direction, purpose and local approach to scrutiny. Additional programmes of work are also underway to ensure LB Hackney remains with or ahead of the pack in delivering Overview and Scrutiny; by

- Continuing to develop our ability **to challenge poor performance** and support improvement by maximising the potential of the critical friend role
- Providing an effective and valued forum for themed discussion and problem solving with partners and including the public at every opportunity – **improving and supporting the decision making process**
- Choosing reviews that assist the borough to tackle the important and challenging issues – avoiding duplication and **maximising outputs through shared effort**
- Establishing effective and appropriate **engagement with our LSP**
- Tackling early the wide number of issues identified in **the Local Government Bill** most specifically including - Community Call for Action
- Communicating our activities **more widely to the residents** as councillors are elected to serve in a manner that makes the process more real to them.