

**Budget and Corporate
Scrutiny Management Board**

**Wednesday 10 July, 2019 at 5.45 pm
in Committee Room 2
at the Sandwell Council House, Oldbury**

Agenda

(Open to Public and Press)

1. Apologies for absence.
2. Members to declare:-
 - (a) any interest in matters to be discussed at the meeting;
 - (b) the existence and nature of any political Party Whip on any matter to be considered at the meeting.
3. To confirm the minutes of the meeting held on 27 June, 2019 as a correct record.
4. Scrutiny Review.
5. Financial Outturn 2018-2019.

J Britton
Chief Executive

Sandwell Council House
Freeth Street
Oldbury
West Midlands

Distribution:

Councillors E M Giles (Chair);
Councillors Moore, Rollins, Singh and White.

**Agenda prepared by Alex Goddard
Democratic Services Unit - Tel: 0121 569 3178
E-mail: alexander_goddard@sandwell.gov.uk**

This document is available in large print on request to the above telephone number. The document is also available electronically on the Committee Management Information System which can be accessed from the Council's web site on www.sandwell.gov.uk

Budget and Corporate Scrutiny Management Board

Apologies for Absence

The Board will receive any apologies for absence from the members of the Board.

Budget and Corporate Scrutiny Management Board

Declaration of Interests

Members to declare:-

- (a) any interest in matters to be discussed at the meeting;
- (b) the existence and nature of any political Party Whip on any matter to be considered at the meeting.

Minutes of the Budget and Corporate Scrutiny Management Board

**27th June, 2019 at 5.45pm
at Sandwell Council House, Oldbury**

Present: Councillor E M Giles (Chair);
Councillors Moore, Rollins and Singh.

In attendance: D Carter (Executive Director – Resources).

8/19 **Minutes**

Resolved that the minutes of the meeting held on 3rd April, 2019 be approved as a correct record.

9/19 **Draft Annual Report 2018-19**

The Scrutiny Management Board considered a draft annual report which outlined work undertaken by Sandwell Council's scrutiny function in the 2018-2019 municipal year. The report highlighted a number of activities and outcomes that contributed to the Sandwell Vision 2030, demonstrating the breadth of topics considered and the different ways of working that had been employed to carry out the scrutiny function.

It was noted that there had been changes to members involved with the scrutiny function since 2018-19 and the Scrutiny Management Board placed on record its thanks to the hard work and dedication shown by the councillors who had chaired and sat on Scrutiny Boards in 2018-19 that were not reappointed for 2019-20.

Resolved that the Scrutiny Annual Report 2018-19 be approved for submission to Council in July 2019.

(Meeting ended at 5.54 pm)

Contact Officer: Alex Goddard
Democratic Services Unit
0121 569 3178

REPORT TO BUDGET AND CORPORATE SCRUTINY MANAGEMENT BOARD

10 July 2019

Subject:	Scrutiny Review
Director:	Director of Law and Governance and Monitoring Officer - Surjit Tour
Contribution towards Vision 2030:	
Contact Officer(s):	Suky Suthi-Nagra Democratic Services Manager 0121 569 3479

DECISION RECOMMENDATIONS

That Budget and Corporate Scrutiny Management Board:

1. consider and comment upon the process for the Scrutiny Review.

1 PURPOSE OF THE REPORT

- 1.1 Officers will provide the Scrutiny Management Board with an update on the review of the scrutiny function for consideration and comment.

2 IMPLICATIONS FOR VISION 2030

- 2.1 Each of the Council's ten ambitions are aligned to scrutiny activity across all Boards and Work Groups. The focus of scrutiny work is to support and contribute to the Sandwell Vision 2030.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 Article 6 of the Council's Constitution sets out the framework for Scrutiny Boards, specifying their terms of reference, general role and specific functions. Article 6.03(d) of the Council's Constitution requires that Scrutiny reports annually to the Council on its work.
- 3.2 The review of the scrutiny function would ensure that activities and outcomes arising from scrutiny activity would contribute to the Sandwell Vision 2030.
- 3.3 Scrutiny Boards deliver the work programme using a variety of methodologies. A range of witnesses from the Council, partner organisations, service users and providers will be engaged in scrutiny activities.

4 THE CURRENT POSITION

- 4.1 Government statutory guidance on overview and scrutiny was published in May 2019. The Ministry of Housing, Communities and Local Government (MHCLG). [Overview and scrutiny: statutory guidance for councils and combined authorities.](#)
- 4.2 The Centre for Public Scrutiny (CfPS) [Good Scrutiny Guide](#) was published in June 2019. The good scrutiny guide was prepared to compliment the statutory guidance.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 5.1 Members, Officers and other stakeholders will be consulted as part of the review.

6 ALTERNATIVE OPTIONS

- 6.1 Alternative ways of working will be considered and benchmarking with other Local Authorities will be considered.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 There are no strategic resource implication arising directly from this report.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

8.1 Scrutiny Boards discharge the functions conferred by section 12 of the Local Government Act 2000 and the subsequent legislation.

9 EQUALITY IMPACT ASSESSMENT

9.1 There are no equality implications arising directly from this report.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 There are no data protection implications arising directly from this report.

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 There are no crime and disorder implications arising directly from this report.

12 SUSTAINABILITY OF PROPOSALS

12.1 The scrutiny function should be reviewed regularly to ensure working practices are fit for purpose.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

13.1 There are no health and wellbeing implications arising directly from this report. Scrutiny reports and reviews consider added value when scoping topics and items to be considered.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

There is no impact on any Council managed property or land arising directly from this report.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 The Scrutiny Management Board will receive an update on the Scrutiny Review and is invited to consider and comment upon the process for the review.

Surjit Tour

Director of Law and Governance and Monitoring Officer

Contact Officers:

Suky Suthi-Nagra
Democratic Services Manager
0121 569 3749



Ministry of Housing,
Communities &
Local Government

Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities



© Crown copyright, 2019

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/>

This document/publication is also available on our website at www.gov.uk/mhclg

If you have any enquiries regarding this document/publication, complete the form at <http://forms.communities.gov.uk/> or write to us at:

Ministry of Housing, Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF
Telephone: 030 3444 0000

For all our latest news and updates follow us on Twitter: <https://twitter.com/mhclg>

May 2019

ISBN: 978-1-4098-5458-6

Contents

Ministerial Foreword	4
About this Guidance	5
1. Introduction and Context	7
2. Culture	8
3. Resourcing	13
4. Selecting Committee Members	15
5. Power to Access Information	18
6. Planning Work	21
7. Evidence Sessions	25
Annex 1: Illustrative Scenario – Creating an Executive-Scrutiny Protocol	27
Annex 2: Illustrative Scenario – Engaging Independent Technical Advisers	28
Annex 3: Illustrative Scenario – Approaching an External Organisation to Appear before a Committee	30

Ministerial Foreword

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

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

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

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

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

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



A handwritten signature in blue ink, appearing to read 'Rishi Sunak'.

Rishi Sunak MP
Minister for Local Government

About this Guidance

Who the guidance is for

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

Aim of the guidance

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

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

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

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

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

Status of the guidance

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

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

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

Terminology

Unless 'overview' is specifically mentioned, the term 'scrutiny' refers to both overview and scrutiny.¹

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

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

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

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

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

Expiry or review date

This guidance will be kept under review and updated as necessary.

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

1. Introduction and Context

1. Overview and scrutiny committees were introduced in 2000 as part of new executive governance arrangements to ensure that members of an authority who were not part of the executive could hold the executive to account for the decisions and actions that affect their communities.
2. Overview and scrutiny committees have statutory powers² to scrutinise decisions the executive is planning to take, those it plans to implement, and those that have already been taken/implemented. Recommendations following scrutiny enable improvements to be made to policies and how they are implemented. Overview and scrutiny committees can also play a valuable role in developing policy.

Effective overview and scrutiny should:

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

3. The requirement for local authorities in England to establish overview and scrutiny committees is set out in sections 9F to 9FI of the Local Government Act 2000 as amended by the Localism Act 2011.
4. The Localism Act 2011 amended the Local Government Act 2000 to allow councils to revert to a non-executive form of governance - the 'committee system'. Councils who adopt the committee system are not required to have overview and scrutiny but may do so if they wish. The legislation has been strengthened and updated since 2000, most recently to reflect new governance arrangements with combined authorities. Requirements for combined authorities are set out in Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009.
5. Current overview and scrutiny legislation recognises that authorities are democratically-elected bodies who are best-placed to determine which overview and scrutiny arrangements best suit their own individual needs, and so gives them a great degree of flexibility to decide which arrangements to adopt.
6. In producing this guidance, the Government fully recognises both authorities' democratic mandate and that the nature of local government has changed in recent years, with, for example, the creation of combined authorities, and councils increasingly delivering key services in partnership with other organisations or outsourcing them entirely.

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

2. Culture

7. The prevailing organisational culture, behaviours and attitudes of an authority will largely determine whether its scrutiny function succeeds or fails.
8. While everyone in an authority can play a role in creating an environment conducive to effective scrutiny, it is important that this is led and owned by members, given their role in setting and maintaining the culture of an authority.
9. Creating a strong organisational culture supports scrutiny work that can add real value by, for example, improving policy-making and the efficient delivery of public services. In contrast, low levels of support for and engagement with the scrutiny function often lead to poor quality and ill-focused work that serves to reinforce the perception that it is of little worth or relevance.
10. Members and senior officers should note that the performance of the scrutiny function is not just of interest to the authority itself. Its effectiveness, or lack thereof, is often considered by external bodies such as regulators and inspectors, and highlighted in public reports, including best value inspection reports. Failures in scrutiny can therefore help to create a negative public image of the work of an authority as a whole.

How to establish a strong organisational culture

11. Authorities can establish a strong organisational culture by:

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

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

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

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

While scrutiny has no role in the investigation or oversight of the authority's whistleblowing arrangements, the findings of independent whistleblowing investigations might be of interest to scrutiny committees as they consider their wider implications. Members should always follow the authority's constitution and associated Monitoring Officer directions on the matter. Further guidance on whistleblowing can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/415175/bis-15-200-whistleblowing-guidance-for-employers-and-code-of-practice.pdf.

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

In particular:

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

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

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

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

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

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

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

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

- f) **Ensuring impartial advice from officers** – authorities, particularly senior officers, should ensure all officers are free to provide impartial advice to scrutiny committees. This is fundamental to effective scrutiny. Of particular importance is the role played by 'statutory officers' – the monitoring officer, the section 151 officer and the head of paid service, and where relevant the statutory scrutiny officer. These individuals have a particular role in ensuring that timely, relevant and high-quality advice is provided to scrutiny.
- g) **Communicating scrutiny's role and purpose to the wider authority** – the scrutiny function can often lack support and recognition within an authority because there is a lack of awareness among both members and officers about the specific role it plays, which individuals are involved and its relevance to the authority's wider work. Authorities should, therefore, take steps to ensure all members and officers are made aware of the role the scrutiny committee plays in the organisation, its value and the outcomes it can deliver, the powers it has, its membership and, if appropriate, the identity of those providing officer support.
- h) **Maintaining the interest of full Council in the work of the scrutiny committee** – part of communicating scrutiny's role and purpose to the wider authority should happen through the formal, public role of full Council – particularly given that scrutiny will undertake valuable work to highlight challenging issues that an authority will be facing and subjects that will be a focus of full Council's work. Authorities should therefore take steps to ensure full Council is informed of the work the scrutiny committee is doing.

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

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

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

- i) **Communicating scrutiny's role to the public** – authorities should ensure scrutiny has a profile in the wider community. Consideration should be given to how and when to engage the authority's communications officers, and any other relevant channels, to understand how to get that message across. This will usually require engagement early on in the work programming process (see chapter 6).
- j) **Ensuring scrutiny members are supported in having an independent mindset** – formal committee meetings provide a vital opportunity for scrutiny members to question the executive and officers.

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

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

Directly-elected mayoral systems

12. A strong organisational culture that supports scrutiny work is particularly important in authorities with a directly-elected mayor to ensure there are the checks and balances to maintain a robust democratic system. Mayoral systems offer the opportunity for greater public accountability and stronger governance, but there have also been incidents that highlight the importance of creating and maintaining a culture that puts scrutiny at the heart of its operations.
13. Authorities with a directly-elected mayor should ensure that scrutiny committees are well-resourced, are able to recruit high-calibre members and that their scrutiny functions pay particular attention to issues surrounding:
 - rights of access to documents by the press, public and councillors;
 - transparent and fully recorded decision-making processes, especially avoiding decisions by 'unofficial' committees or working groups;
 - delegated decisions by the Mayor;
 - whistleblowing protections for both staff and councillors; and
 - powers of Full Council, where applicable, to question and review.

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

3. Resourcing

15. The resource an authority allocates to the scrutiny function plays a pivotal role in determining how successful that function is and therefore the value it can add to the work of the authority.
16. Ultimately it is up to each authority to decide on the resource it provides, but every authority should recognise that creating and sustaining an effective scrutiny function requires them to allocate resources to it.
17. Authorities should also recognise that support for scrutiny committees, task groups and other activities is not solely about budgets and provision of officer time, although these are clearly extremely important elements. Effective support is also about the ways in which the wider authority engages with those who carry out the scrutiny function (both members and officers).

When deciding on the level of resource to allocate to the scrutiny function, the factors an authority should consider include:

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

Statutory scrutiny officers

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

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

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

Officer resource models

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

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

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

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

4. Selecting Committee Members

23. Selecting the right members to serve on scrutiny committees is essential if those committees are to function effectively. Where a committee is made up of members who have the necessary skills and commitment, it is far more likely to be taken seriously by the wider authority.
24. While there are proportionality requirements that must be met,⁴ the selection of the chair and other committee members is for each authority to decide for itself. Guidance for combined authorities on this issue has been produced by the Centre for Public Scrutiny⁵.

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

25. Authorities are reminded that members of the executive cannot be members of a scrutiny committee.⁶ Authorities should take care to ensure that, as a minimum, members holding less formal executive positions, e.g. as Cabinet assistants, do not sit on scrutinising committees looking at portfolios to which those roles relate. Authorities should articulate in their constitutions how conflicts of interest, including familial links (see also paragraph 31), between executive and scrutiny responsibilities should be managed, including where members stand down from the executive and move to a scrutiny role, and vice-versa.
26. Members or substitute members of a combined authority must not be members of its overview and scrutiny committee.⁷ This includes the Mayor in Mayoral Combined Authorities. It is advised that Deputy Mayors for Policing and Crime are also not members of the combined authority's overview and scrutiny committee.

Selecting individual committee members

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

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

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

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

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

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

Selecting a chair

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

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

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

31. Given their pre-eminent role on the scrutiny committee, it is strongly recommended that the Chair not preside over scrutiny of their relatives⁸. Combined authorities should note the legal requirements that apply to them where the Chair is an independent person⁹.

32. The method for selecting a Chair is for each authority to decide for itself, however every authority should consider taking a vote by secret ballot. Combined Authorities should be aware of the legal requirements regarding the party affiliation of their scrutiny committee Chair¹⁰.

Training for committee members

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

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

Co-option and technical advice

35. While members and their support officers will often have significant local insight and an understanding of local people and their needs, the provision of outside expertise can be invaluable.

⁸ A definition of 'relative' can be found at section 28(10) of the Localism Act 2011.

⁹ See article 5(2) of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 (S.I. 2017/68).

¹⁰ Article 5(6) of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.

36. There are two principal ways to procure this:

- Co-option – formal co-option is provided for in legislation¹¹. Authorities must establish a co-option scheme to determine how individuals will be co-opted onto committees; and
- Technical advisers – depending on the subject matter, independent local experts might exist who can provide advice and assistance in evaluating evidence (see annex 2).

¹¹ Section 9FA(4) Local Government Act 2000

5. Power to Access Information

37. A scrutiny committee needs access to relevant information the authority holds, and to receive it in good time, if it is to do its job effectively.
38. This need is recognised in law, with members of scrutiny committees enjoying powers to access information¹². In particular, regulations give enhanced powers to a scrutiny member to access exempt or confidential information. This is in addition to existing rights for councillors to have access to information to perform their duties, including common law rights to request information and rights to request information under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.
39. When considering what information scrutiny needs in order to carry out its work, scrutiny members and the executive should consider scrutiny's role and the legal rights that committees and their individual members have, as well as their need to receive timely and accurate information to carry out their duties effectively.
40. Scrutiny members should have access to a regularly available source of key information about the management of the authority – particularly on performance, management and risk. Where this information exists, and scrutiny members are given support to understand it, the potential for what officers might consider unfocused and unproductive requests is reduced as members will be able to frame their requests from a more informed position.
41. Officers should speak to scrutiny members to ensure they understand the reasons why information is needed, thereby making the authority better able to provide information that is relevant and timely, as well as ensuring that the authority complies with legal requirements.

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

42. The law recognises that there might be instances where it is legitimate for an authority to withhold information and places a requirement on the executive to provide the scrutiny committee with a written statement setting out its reasons for that decision¹³. However, members of the executive and senior officers should take particular care to avoid refusing requests, or limiting the information they provide, for reasons of party political or reputational expediency.

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

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

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

43. Regulations already stipulate a timeframe for executives to comply with requests from a scrutiny member¹⁴. When agreeing to such requests, authorities should:

- consider whether seeking clarification from the information requester could help better target the request; and
- Ensure the information is supplied in a format appropriate to the recipient's needs.

44. Committees should be aware of their legal power to require members of the executive and officers to attend before them to answer questions¹⁵. It is the duty of members and officers to comply with such requests.¹⁶

Seeking information from external organisations

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

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

- a) **The need to explain the purpose of scrutiny** – the organisation being approached might have little or no awareness of the committee's work, or of an authority's scrutiny function more generally, and so might be reluctant to comply with any request;
- b) **The benefits of an informal approach** – individuals from external organisations can have fixed perceptions of what an evidence session entails and may be unwilling to subject themselves to detailed public scrutiny if they believe it could reflect badly on them or their employer. Making an informal approach can help reassure an organisation of the aims of the committee, the type of information being sought and the manner in which the evidence session would be conducted;

¹⁴ Regulation 17(2) – Local Government (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012; article 10(2) Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.

¹⁵ Section 9FA(8) of the Local Government Act 2000; paragraph 2(6) of Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009.

¹⁶ Section 9FA(9) of the Local Government Act 2000; paragraph 2(7) of Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009.

- c) **How to encourage compliance with the request** – scrutiny committees will want to frame their approach on a case by case basis. For contentious issues, committees might want to emphasise the opportunity their request gives the organisation to ‘set the record straight’ in a public setting; and
- d) **Who to approach** – a committee might instinctively want to ask the Chief Executive or Managing Director of an organisation to appear at an evidence session, however it could be more beneficial to engage front-line staff when seeking operational-level detail rather than senior executives who might only be able to talk in more general terms. When making a request to a specific individual, the committee should consider the type of information it is seeking, the nature of the organisation in question and the authority’s pre-existing relationship with it.

Following ‘the Council Pound’

Scrutiny committees will often have a keen interest in ‘following the council pound’, i.e. scrutinising organisations that receive public funding to deliver goods and services.

Authorities should recognise the legitimacy of this interest and, where relevant, consider the need to provide assistance to scrutiny members and their support staff to obtain information from organisations the council has contracted to deliver services. In particular, when agreeing contracts with these bodies, authorities should consider whether it would be appropriate to include a *requirement* for them to supply information to or appear before scrutiny committees.

6. Planning Work

47. Effective scrutiny should have a defined impact on the ground, with the committee making recommendations that will make a tangible difference to the work of the authority. To have this kind of impact, scrutiny committees need to plan their work programme, i.e. draw up a long-term agenda and consider making it flexible enough to accommodate any urgent, short-term issues that might arise during the year.
48. Authorities with multiple scrutiny committees sometimes have a separate work programme for each committee. Where this happens, consideration should be given to how to co-ordinate the various committees' work to make best use of the total resources available.

Being clear about scrutiny's role

49. Scrutiny works best when it has a clear role and function. This provides focus and direction. While scrutiny has the power to look at anything which affects 'the area, or the area's inhabitants', authorities will often find it difficult to support a scrutiny function that carries out generalised oversight across the wide range of issues experienced by local people, particularly in the context of partnership working. Prioritisation is necessary, which means that there might be things that, despite being important, scrutiny will not be able to look at.
50. Different overall roles could include having a focus on risk, the authority's finances, or on the way the authority works with its partners.
51. Applying this focus does not mean that certain subjects are 'off limits'. It is more about looking at topics and deciding whether their relative importance justifies the positive impact scrutiny's further involvement could bring.
52. When thinking about scrutiny's focus, members should be supported by key senior officers. The statutory scrutiny officer, if an authority has one, will need to take a leading role in supporting members to clarify the role and function of scrutiny, and championing that role once agreed.

Who to speak to

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

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

- *The authority's partners* – relationships with other partners should not be limited to evidence-gathering to support individual reviews or agenda items. A range of partners are likely to have insights that will prove useful:
 - Public sector partners (like the NHS and community safety partners, over which scrutiny has specific legal powers);
 - Voluntary sector partners;
 - Contractors and commissioning partners (including partners in joint ventures and authority-owned companies);
 - In parished areas, town, community and parish councils;
 - Neighbouring principal councils (both in two-tier and unitary areas);
 - Cross-authority bodies and organisations, such as Local Enterprise Partnerships¹⁷; and
 - Others with a stake and interest in the local area – large local employers, for example.

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

Information sources

54. Scrutiny will need access to relevant information to inform its work programme. The type of information will depend on the specific role and function scrutiny plays within the authority, but might include:

- Performance information from across the authority and its partners;
- Finance and risk information from across the authority and its partners;
- Corporate complaints information, and aggregated information from political groups about the subject matter of members' surgeries;
- Business cases and options appraisals (and other planning information) for forthcoming major decisions. This information will be of particular use for pre-decision scrutiny; and
- Reports and recommendations issued by relevant ombudsmen, especially the Local Government and Social Care Ombudsman.

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

As committees can meet in closed session, commercial confidentiality should not preclude the sharing of information. Authorities should note, however, that the default for meetings should be that they are held in public (see 2014 guidance on '*Open and accountable local government*':

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/343182/140812_Openness_Guide.pdf).

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

Shortlisting topics

Approaches to shortlisting topics should reflect scrutiny's overall role in the authority. This will require the development of bespoke, local solutions, however when considering whether an item should be included in the work programme, the kind of questions a scrutiny committee should consider might include:

- Do we understand the benefits scrutiny would bring to this issue?
- How could we best carry out work on this subject?
- What would be the best outcome of this work?
- How would this work engage with the activity of the executive and other decision-makers, including partners?

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

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

Carrying out work

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

- a) **As a single item on a committee agenda** – this often presents a limited opportunity for effective scrutiny, but may be appropriate for some issues or where the committee wants to maintain a formal watching brief over a given issue;
- b) **At a single meeting** – which could be a committee meeting or something less formal. This can provide an opportunity to have a single public meeting about a

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

- c) **At a task and finish review of two or three meetings** – short, sharp scrutiny reviews are likely to be most effective even for complex topics. Properly focused, they ensure members can swiftly reach conclusions and make recommendations, perhaps over the course of a couple of months or less;
- d) **Via a longer-term task and finish review** – the ‘traditional’ task and finish model – with perhaps six or seven meetings spread over a number of months – is still appropriate when scrutiny needs to dig into a complex topic in significant detail. However, the resource implications of such work, and its length, can make it unattractive for all but the most complex matters; and
- e) **By establishing a ‘standing panel’** – this falls short of establishing a whole new committee but may reflect a necessity to keep a watching brief over a critical local issue, especially where members feel they need to convene regularly to carry out that oversight. Again, the resource implications of this approach means that it will be rarely used.

7. Evidence Sessions

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

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

How to plan

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

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

61. As far as possible there should be consensus among scrutiny members about the objective of an evidence session before it starts. It is important to recognise that members have different perspectives on certain issues, and so might not share the objectives for a session that are ultimately adopted. Where this happens, the Chair will need to be aware of this divergence of views and bear it in mind when planning the evidence session.
62. Effective planning should mean that at the end of a session it is relatively straightforward for the chair to draw together themes and highlight the key findings. It is unlikely that the committee will be able to develop and agree recommendations immediately, but, unless the session is part of a wider inquiry, enough evidence should have been gathered to allow the chair to set a clear direction.
63. After an evidence session, the committee might wish to hold a short 'wash-up' meeting to review whether their objectives were met and lessons could be learned for future sessions.

Developing recommendations

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

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

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

- i. the development of a 'heads of report' – a document setting out general findings that members can then discuss as they consider the overall structure and focus of the report and its recommendations;
- ii. the development of those findings, which will set out some areas on which recommendations might be made; and
- iii. the drafting of the full report.

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

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

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

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

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

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

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

The protocol, as agreed, may contain sections on:

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

Annex 2: Illustrative Scenario – Engaging Independent Technical Advisers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The good scrutiny guide

governance responsibility **democracy**
accountability transparency
policymakers governance **involvement**

The good scrutiny guide

overview guidance resource **agreement**
structure authority commitment **maximum**
stakeholders solution experience

INTRODUCTION

This guide is intended to provide advice to councils, councillors and officers on the operation of overview and scrutiny; we also hope and expect that it will be of use to other stakeholders, including the public. It is written to complement the Government’s statutory scrutiny guidance (published May 2019). Councils are obliged to “have regard to” this statutory guidance (the meaning of this phrase being provided on page 5 of the guidance itself). This guide, produced by CfPS, has no such formal status.

This guide updates and replaces a previous set of Practice Guides published by CfPS in 2014, and CfPS’s original Good Scrutiny Guide from 2006 (published alongside the previous set of Government guidance on scrutiny from the same year).

The statutory guidance, and this guidance, reflects the “four principles” of good scrutiny developed by CfPS in 2003 and which remain vital and relevant today. These are that effective overview and scrutiny should:

- Provide constructive “critical friend” challenge;
- Amplify the voices and concerns of the public;
- Be led by independent people who take responsibility for their role;
- Drive improvement in public services.

CfPS thinks that there are three further components of good scrutiny and good governance which support and reinforce these principles. These components are necessary in order for democracy at a local level to be participative; they are necessary for good scrutiny to thrive. These are:

- Accountability – an environment where responsibility for services and decisions is clear and where those holding responsibility can and are answerable for success and failure;
- Transparency – the publication, proactively, of information relating to services and decisions to allow local people, and others, to hold policymakers and decision-makers to account;
- Involvement – rules, principles and processes whereby a wide range of stakeholders (including elected representatives) can play active roles in holding to account, and influencing and directing the development of policy.

These principles and components rely on the presence of a strong and supportive political and organisational culture; one in which forensic and robust scrutiny can develop and thrive.

Applicability of this guide

This guide applies in England only. Its primary focus is the operation of overview and scrutiny under executive arrangements in local authorities. Scrutiny in combined authorities is covered in the guidance and is also covered in this guide, although significantly more advice can be found in the CfPS publication, “Overview and scrutiny in combined authorities: a plain English guide” (2017).

Scrutiny in committee system authorities operates on a discretionary basis. Readers will note that the guidance, and this guide’s, frequent reference to council executives means that there are elements of both that are less relevant to committee system authorities, although the general principles around, in particular, organisational culture and the overall role of scrutiny are just as valid.

Sources of information

A full list of resources can be found in an appendix. Principal documents to read alongside this guide are:

- “Statutory guidance for overview and scrutiny in local and combined authorities” (MHCLG, 2019)
- “Overview and scrutiny in combined authorities: a plain English guide” (CfPS, 2017)
- “Pulling it all together: a guide to legislation covering scrutiny and governance in English local government” (CfPS, 2018)

The Centre for Public Scrutiny provides a free helpdesk resource for councils and councillors wishing to better understand and explore how to carry out scrutiny. We can provide advice on matters relating to the rules and procedures under which scrutiny operates, on notable practice and suggested ways to transact work, and can signpost to other organisations and resources.

CfPS cannot provide legal advice. While we can offer our view on matters which intersect with individual councils’ constitutions and governance frameworks, on such matters the advice of the council’s Monitoring Officer should be considered as final.

Other organisations also exist to provide advice to scrutiny and democratic services professionals. Lawyers in Local Government (LLG) and the Association of Democratic Services Officers (ADSO) are particular sources of professional support.

The Local Government Association’s political group offices can provide advice and support to councillors as they carry out their work. CfPS works closely with national group offices to ensure that issues and concerns about scrutiny as they are experienced by members are understood and fed into our work.

Acknowledgements

CfPS would like to offer thanks to those members and officers who carried out a review of this document in draft form, and for the time taken to provide thoughts, comments and amendments on the draft. This guide is significantly better for their input – but of course any remaining errors and omissions remain the responsibility of the authors.

June 2019

CONTENTS

1	An overview of scrutiny	6
1.1	The importance of culture	6
1.1.1	Scrutiny, whistleblowing and complaints	7
1.2	Local government scrutiny's statutory functions	8
1.2.1	Powers in relation to councils: in general	8
1.2.2	Powers in relation to partners: in general	9
1.3	Combined authority scrutiny statutory functions	9
2	Scrutiny's stakeholders	10
2.1	Managing relationships inside the authority	10
2.1.1	Practical issues relating to the executive/scrutiny relationship	11
2.1.2	Party politics	13
2.2	Managing relationships beyond the authority: professional partners	13
2.2.1	General themes relating to the scrutiny of partners and partnerships	14
2.2.2	Working with other scrutineers	16
2.3	Managing relationships beyond the authority: the public	18
2.3.1	Giving the public a stake in the scrutiny process	18
2.3.2	Scrutiny's public visibility	21
2.4	Stakeholders for combined authority scrutiny	21
3	Role and priority	22
3.1	Scrutiny's role overall	22
3.1.1	Scrutiny's role in Combined Authorities	23
3.2	Work programming	24
3.2.1	Information gathering / discovery	25
3.2.2	Prioritisation	26
3.2.3	Methods	27
3.3	Timing: pre-decision scrutiny	27
3.3.1	Pre-decision scrutiny immediately before a decision is made	27
3.3.2	Pre-decision scrutiny some time before the decision	29
3.4	Timing: post-decision scrutiny	30
3.4.1	Post-decision review	30
3.4.2	Call-in	30
4	Using evidence and gaining experience	33
4.1	Keeping a watching brief	33
4.1.1	Principal sources of information: from within the council	34
4.1.2	Principal sources of information: from elsewhere	35
4.1.3	An information digest	35
4.1.4	Triangulation	36

4.2	Understanding enough to scope reviews	36
4.2.1	A process for scoping	37
4.2.2	Member ownership	37
4.2.3	Getting to grips with the strategic context	37
4.2.4	Understanding the issues on the ground: user centred design	39
4.2.5	Technical advice and co-option	40
4.3	Gathering evidence to support reviews	40
4.3.1	Scope creep	41
4.4	The voice of the public	41
4.4.1	The public's needs	41
4.4.2	Public attendance at scrutiny meetings	42
4.4.3	Other public meetings and meetings involving the public	43
4.4.4	More “informal” evidence gathering	43
5	Making and proving impact	44
5.1	Recommendations	44
5.1.1	Recommendations: the “heads of report”	45
5.1.2	Recommendations: the draft report	45
5.1.3	Recommendations: final report and the executive response	46
5.1.4	Monitoring recommendations	48
5.2	Demonstrating impact more generally, and improving scrutiny itself	48
5.2.1	Establishing what impact your work has currently	49
5.2.2	Identifying and implementing ways to enhance impact	50
5.2.3	Securing agreement in a political environment	50
5.2.4	Accountability to full Council	50
6	Committee structure, chairing and resourcing	51
6.1	Structures for scrutiny	52
6.2	Chairing and membership arrangements	52
6.2.1	Chairing: skills and capabilities	52
6.2.2	Chairing: party politics and the use of the whip	53
6.2.3	Councillor membership	53
6.2.4	Co-option: statutory	54
6.2.5	Co-option: other	55
6.3	Resourcing	55
6.3.1	“Specialist model”	55
6.3.2	“Integrated model”	55
6.3.3	“Committee model”	56
6.3.4	The role of statutory officers in supporting the function	56

1 An overview of scrutiny

Effective scrutiny depends on two things –

- a recognition of the cultural requirements for scrutiny to succeed
- the extent to which a strong cultural commitment is owned by the council's leadership)

1.1 The importance of culture

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

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

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

Statutory guidance on overview and scrutiny in local and combined authorities, paragraphs 7-9, p8

- 1.1.0.1 Taking the steps necessary to make scrutiny effective is the responsibility of the whole council and the business of all of scrutiny's stakeholders.
- 1.1.0.2 Scrutiny requires commitment in the form of action from local leaders. This involves a willingness to work with scrutiny as an equal partner – to engage early, to provide it with all relevant information and to take its recommendations seriously.
- 1.1.0.3 The executive has a duty to ensure that the way that it and its members act does not undermine and denigrate scrutiny; responsibility for a failing or ineffective scrutiny function very often rests as much if not more with the executive as it does with scrutiny members and their support officers.
- 1.1.0.4 This shared responsibility for ensuring that scrutiny works as well as it can means that a good scrutiny/executive relationships is one of the most critical criteria for success.
- 1.1.0.5 Where scrutiny is marginalised and dismissed by a council's leadership, it will be ineffective – creating a vicious cycle that those leaders will see as justification for their opinions. If those opinions do become widespread, that should be a clue to take urgent action. Scrutiny can and should be seen as a critical part of the governance and improvement landscape for local government. A failure to take advantage of the tools that it offers makes councils less resilient, less responsive to change and less able to manage their challenges – financial and otherwise.
- 1.1.0.6 Councils should be aware of the risk of a lack of organisational commitment presenting itself in “warm words” for scrutiny. In this more insidious situation, leaders say the right things about scrutiny but fail to follow up with action. This is more difficult to identify and hence, to resolve.
- 1.1.0.7 Different cultures can exist in the same authority – it is unlikely that there will be a uniform attitude and approach to scrutiny across the whole council. Relationships with a wider range

of stakeholders (see section 2) will reflect this asymmetry too. For scrutiny practitioners, there may be a job of work in identifying who its key partners are, where their motivations lie, and how closer working can be approached – just as there is a duty for those partners (particularly within the council) to step up to their own roles.

1.1.0.8 A positive working culture involves in particular an understanding of local politics. Scrutiny councillors are politicians and should be using their political insights, and the insights gathered through ward work and doorknocking, to influence and guide their work. However, party politics – expressed through scrutiny as an arbitrary opposition or promotion of a particular party line, and a lack of interest in discussion or consensus on that issue, does not have a place in scrutiny.

1.1.0.9 More information on the culture of scrutiny can be found in section 2, below.

1.1.1 Scrutiny, whistleblowing and complaints

1.1.1.1 The guidance notes the interface between scrutiny and whistleblowing.

While scrutiny has no role in the investigation or oversight of the authority’s whistleblowing arrangements, the findings of independent whistleblowing investigations might be of interest to scrutiny committees as they consider their wider implications. Members should always follow the authority’s constitution and associated Monitoring Officer directions on this matter.

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 11, p9: see also comments at paragraph 13, p11

1.1.1.2 People’s willingness to speak out about wrongdoing is central to a positive organisational culture – however, effective whistleblowing needs robust systems and clear oversight.

1.1.1.3 It is likely that scrutiny will have brought to its attention instances of suspected wrongdoing or poor practice. This may be by service users themselves, or by employees of the council and partners.

1.1.1.4 The first are general complaints and concerns about services which should form part of scrutiny’s overall evidence gathering. While scrutiny has no role in investigating individual complaints, it can and should use the concerns of individuals as a spur to ask searching questions about whether those complaints are evidence of a wider issue. Alongside other partners in the wider governance landscape, scrutiny holds part of a collective responsibility here.

1.1.1.5 It is important to recognise that scrutiny is not a substitute for having, and following, proper processes for whistleblowing.

The responsibilities and accountabilities of external agencies were not well defined, often resulting in “regulatory gaps” or failure to follow up warning signs.

Organisations operated in silos, without consideration about the wider implications of their role, even guarding their territories on occasion.

This situation was exacerbated by a lack of effective communication across the healthcare system in sharing information and concerns. Organisations relied on others to keep them informed rather than actively seeking and sharing intelligence.

At the heart of the failure was a lack of openness, transparency and candour in the information emanating from the Trust and over-reliance on that information by others. This was not helped by the constant reorganisation of NHS structures, often leading to a loss of corporate memory and misunderstandings about an organisation's functions and responsibilities. Information flow was generally poor.

The combination of these “regulatory gaps”, lack of effective communication and constant reorganisation led to a systemic culture where organisations took inappropriate comfort from assurances given either by the Trust itself or from action taken by other regulatory organisations. As a result, organisations often failed to carry out sufficient scrutiny of information, instead treating these assurances as fulfilling their own, independent obligations.

Report of the Mid Staffordshire Hospital Trust Public Inquiry: Executive Summary Paragraph 1.114 p64

1.1.1.6 Whistleblowing is slightly different. Where a council employee suggests poor practice or maladministration, or worse, the council's formal whistleblowing processes may come into play. As with complaints, individual instances of whistleblowing should not be “investigated” by scrutiny – but they should be considered as serious, rare events, and members will obviously be interested in understanding how they are dealt with.

1.1.1.7 The council's Monitoring Officer is the ultimate arbiter of how these issues are dealt with. The council's whistleblowing systems will pass responsibility for the management of such issues to the MO and scrutiny should respect this.

1.2 Local government scrutiny's statutory functions

1.2.0.1 Scrutiny has a range of statutory functions. Some of these apply to all councils, but in two-tier areas different powers relate to counties and districts.

1.2.0.2 Scrutiny's statutory powers are the foundation for its work. They can and should be bolstered at local level through dialogue and agreement with scrutiny's stakeholders¹. Scrutiny's statutory functions should not be taken and interpreted as providing limits for scrutiny's action. In fact the legislation states that scrutiny may look at any issues which affects “the area or the area's inhabitants”, providing a broad freedom to act.

1.2.1 Powers in relation to councils: in general

1.2.1.1. Scrutiny can:

- Require information from the council. Councillors sitting on scrutiny committees have broad information access rights which means that they can and should be able to have access to information even on matters exempt for reason of commercial confidentiality, and the other exemptions found in Schedule 12A of the Local Government Act 1972. More information on information rights can be found in section 4.1 below and at section 5 of the guidance.
- Require attendance from council officers and councillors. Members of the executive invited to attend scrutiny committee meetings, and council officers issued with similar invitations, are expected to do so. While the law does not specify the seniority of officers who should be invited to give evidence, it will usually be most appropriate for senior officers to attend, even where questions are being asked about operational delivery. More information on engagement with councils officers and executive-side councillors can be found in section 2.1 below.

¹ We explore scrutiny's stakeholders, and how they align with the council's stakeholders more generally, in section xxxx

- Require that the council provides responses to scrutiny’s recommendations. Importantly, it is for scrutiny to determine the nature of the response. It is legitimate, for example, for scrutiny to require that a substantive response to each recommendation be made individually, with timescales for implementation; scrutiny can require that the executive do not respond to recommendations simply by “noting” them. More information on recommendations and impact can be found in section 5 below.

1.2.1.2 Scrutiny committees also provide a mechanism to “call in” decisions made by a council’s executive. This only applies where a decision has been made, but has not yet been implemented – a period of time which, as a matter of law, involves the passage of five clear working days.

1.2.2 Powers in relation to partners: in general

1.2.2.1

- On matters relating to health, the scrutiny function of a county or unitary authority has a formal role in evaluating whether local health bodies have properly consulted scrutiny when a substantial variation to local health services is proposed. Detailed guidance on the operation of health scrutiny can be found at <https://www.gov.uk/government/publications/advice-to-local-authorities-on-scrutinising-health-services>
- On matters relating to community safety, the scrutiny function of a shire district or unitary authority has a role in reviewing the work of the community safety partnership (CSP). Importantly, this does not confer a right to scrutinise the individual CSP partners on their wider work. Separate statutory guidance on these powers was published in 2009 and is still in force, but is no longer online.
- On matters relating to flood risk management. Scrutiny has general powers to oversee partners’ work on flood risk. Until 2018 more detail was provided for by Regulations (<http://www.legislation.gov.uk/ukxi/2011/697/made>). These no longer have effect (<https://www.cfps.org.uk/flooding-scrutiny-regulations-no-longer-in-force/>) but the general statutory powers remain.
- On other matters relating to a list of named partners. This list is set out at s104 of the Local Government and Public Involvement in Health Act 2007, which is still in force.

In 2014, Government produced guidance on health scrutiny: <https://www.gov.uk/government/publications/advice-to-local-authorities-on-scrutinising-health-services>

1.2.2.2 The differing nature of the powers set out above should not be used as a reason to refer to the legislation every time scrutiny wants to engage with a different partner, and should not be used as a reason why partners need to be scrutinised discretely. Section 2, below, provides more detail on the relationship between scrutiny’s stakeholders.

1.2.2.3 The statutory guidance provides an “illustrative scenario” at Annex 3 which covers possible approaches to inviting an external organisation to appear before a committee.

1.3 Combined authority scrutiny statutory functions

1.3.0.1 Scrutiny in combined authorities operates using a similar statutory framework as local authority scrutiny. We touch further on this in section 3 on role and function.

1.3.0.2 CfPS has produced separate, detailed guidance on combined authority scrutiny which can be found at <https://www.cfps.org.uk/wp-content/uploads/Overview-and-scrutiny-in-combined-authorities-a-plain-english-guide.pdf>

2. Scrutiny's stakeholders

2.0.0.1 Scrutiny has a wide range of stakeholders – people with whom scrutiny works to carry out its work. Understanding the motivations and objectives of these stakeholders is crucial if scrutiny is to have influence. Some of these people will sit within the council – others outside it.

2.0.0.2 There is likely to be overlap between these groups. We have not “classified” them to indicate that each group of individuals and organisations needs to be dealt with in a particular way – but simply for clarity. The importance of these relationships is highlighted in the guidance.

Relationships with other partners should not be limited to evidence gathering to support individual reviews or agenda items. A range of partners are likely to have insights that will prove useful.

- Public sector partners (like the NHS and community safety partners, over which scrutiny has specific legal powers);
- Voluntary sector partners;
- Contractors and commissioning partners (including partners in joint ventures and authority-owned companies);
- In parished areas, town, community and parish councils;
- Neighbouring principal councils (both in two-tier and unitary areas);
- Cross-authority bodies and organisations, such as Local Enterprise Partnerships; and
- Others with a stake and interest in the local area – large local employers, for example.

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 52, p22

2.0.0.3 Scrutiny's stakeholders in combined authorities are likely to be different; these issues are covered in more detail in the section on combined authorities, at 2.4 and 3.11

2.1 Managing relationships inside the authority

2.1.0.1 Some of the principal stakeholders for scrutiny inside the authority are as follows. These people's motivations will differ significantly – from role to role and from council to council. Managing these relationships can be challenging – which is why scrutiny needs champions amongst councillors and officers at the very top of the organisation in order to succeed:

- The executive – the senior political leadership of the council set the tone of how successfully scrutiny will be able to work, as we set out in section 1 and set out in section 2.1.1 in more detail below. The executive should act as a champion for scrutiny's work within and outside the organisation. In the case of combined authorities, this set of relationships will be lent additional complexity by the fact that members of the executive (the combined authority cabinet or Board) may come with different expectations and motivations;
- Senior Officer Leadership – the most senior officers need to have a clear sense of scrutiny's role, and the contribution they need to make towards scrutiny's effectiveness. The strength of the “golden triangle” – the relationship between the Head of Paid Service, the Monitoring Officer, and the s151 Officer – is particularly important here;

- Middle management – there will often be surprisingly little awareness or knowledge of scrutiny and its role amongst middle managers (those in tier 2 or tier 3 management roles).
- Backbench councillors generally – not all backbench councillors will be members of scrutiny committees; their motivations and perceptions of scrutiny and its role will differ. Some will possess vital insights about local people’s experience of services delivered by the council and its partners, that scrutiny will need to be able to access and understand. For combined authorities, issues around backbench members will relate to the sustained engagement of scrutiny members and substitutes, bearing in mind in particular the challenges around assuring quoracy under those circumstances;
- Co-optees and others actively involved in the scrutiny process (eg as witnesses) – scrutiny may formally co-opt non-councillors to sit on committees, as discussed at section section 4.2.5.2; in some cases, statutory co-optees must be appointed. Maintaining the engagement of these people – and recognising the unique value they can bring to scrutiny committees, and task and finish groups, is vital;
- The authority’s audit function – guidance from CIPFA used to say that councils’ scrutiny and audit functions should be kept entirely separate. Now, it is understood that close links between the two functions is important – but audit does have a specific, formal role which has to be recognised as distinct from the work of scrutiny. Sharing of information about financial scrutiny and oversight will be important here;
- Area or community forums, where they exist - where councils have area governance structures they will be an important way for scrutiny to listen to and understand the concerns of local people – this is covered in more detail in section 2.3.1 below. While this is likely to be less of a feature for combined authorities, CA scrutiny members will still need to think about how they can assure themselves that they are gathering evidence so as to understand the voice and concerns of the public.

2.1.1 Practical issues relating to the executive / scrutiny relationship

- 2.1.1.1 The guidance suggests that authorities should consider drafting an “executive-scrutiny protocol”. In CfPS’s experience, the value in the production of such a document derives from the conversations that precede its agreement, rather than the document itself. As such there is no simple “off the peg” protocol that authority can assume they can just transpose and apply in their own place, although examples of the potential contents of such a protocol can be found in the guidance at Annex 1.

An executive scrutiny protocol can deal with the practical expectations of scrutiny committee members and the executive, as well as the cultural dynamics. Workshops with scrutiny members, senior officers and Cabinet can be helpful to inform the drafting of a protocol. An external facilitator can help bring an independent perspective.

Statutory guidance on overview and scrutiny in local and combined authorities, Annex 1, p27

- 2.1.1.2 There are, however, some common themes and principles. There should be:

- A collective understanding of scrutiny’s role within the council and the area – the specific niche which it fills and the value that it adds through occupation of that niche (see section 3, and the part of the guidance that mentions the need to communicate scrutiny’s role and purpose to the wider authorities (paragraph 11, p10));

- Regular dialogue between scrutiny and the executive – informal and candid, to ensure that both have a clear sense of the other’s work and priorities. Complete frankness may not be possible all the time but should always be the objective;
- Plans in place, owned jointly by scrutiny and the executive, to continuously improve scrutiny, in part by ensuring that the function gets the support and engagement it needs from across the area;
- An understanding that scrutiny is in charge of its own work programme and will occasionally do things with which the executive may disagree;
- An understanding that scrutiny is political, that it is driven by politicians whose political insights are a fundamental part of scrutiny’s work, but is not a place for political point scoring as we mentioned in section 1;
- A relentless focus on impact – both in tightening up scrutiny’s focus and work, and in ensuring that the way that the executive works with scrutiny recognising that impact can only come about with the active support of the executive.

2.1.1.3 The presence of a positive political and organisational culture will not prevent the emergence of difficulties, challenges and tensions about scrutiny and its work. Without such a culture, however, the resolution of these issues will be difficult to resolve.

2.1.1.4 Part of a positive culture is about scrutiny and the executive working together to develop solutions to these issues. Below we summarise some of these issues and some of the possible solutions.

- A feeling that scrutiny is being combative or “meddling” in areas where it is not needed. Members of the executive and senior officers might describe this as scrutiny being “political”, or as members “misbehaving”. Clarity on mutual roles and transparency over the way that the scrutiny work programme is developed and evidenced will help to address this.
- Disagreements about the way in which executive/scrutiny relationships should be managed. We noted the benefits of more informal meetings above, but some may raise concerns about informality, and suggest that transparency demands a different approach. What approach works best will depend on the political culture of the authority concerned, but more informality and more dialogue does not automatically mean worse scrutiny;
- The executive may disagree with the logic that underpins scrutiny’s decisions about what issues will be subject to a scrutiny investigation. This suggests the need for clarity about how decisions about work programming are made, as we will go on to discuss in section 3.2. While the executive should not direct scrutiny’s priorities, scrutiny work will need to reflect at least some of the executive’s priorities in order to ensure that it is adding value.
- There can be disagreements about who attends scrutiny committee meetings, and when. Where invitations are submitted far enough in advance (and where the work programme makes future meeting agendas clear) this should be avoidable, but an unwillingness to attend may suggest more fundamental problems, which should be separately addressed;
- Disagreements about how and when information will be shared. This is discussed in more detail in section 4. In brief, information can be late, or provided in a way that makes it of little value – for example, where it is difficult for members to understand. Conversations about the purpose for which information is being requested will help to clarify scrutiny members’ own requirements as well as to make those requirements clearer to officers.

2.1.1.5 Some of these features are highlighted for particular attention by the guidance in respect of councils led by a directly-elected Mayor (at paragraphs 12-13, p11).

2.1.1.6 Practical issues relating to the relationship between scrutiny/democratic services officers and executive-side officers are covered in section 6 on resources, below.

2.1.2 Party politics

2.1.2.1 Party politics should not express itself through scrutiny. That said, scrutiny is inherently “political” – scrutiny should be looking at high profile issues, issues of local political contention, issues on which people will hold strong views and which will inevitably involve some intersection with party politics.

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

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

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 11, p11

2.1.2.2 Scrutiny and democratic services officers need unique political awareness to understand and predict potential political flashpoints before they occur, and plan for them. The support of the Monitoring Officer and head of paid service is particularly necessary here – to provide officers with the support they need in what might be a fractious and febrile environment. A positive political culture is one that recognises that an expression of party politics in scrutiny will generally be inappropriate, but that councillors, as politicians, need to use their political skills and experience to carry out their work.

2.1.2.3 More information can be found at section 6.3.4

2.2 Managing relationships beyond the authority: professional partners

2.2.0.1 Relationship management in combined authorities is covered in detail in, ““Overview and scrutiny in combined authorities: a plain English guide” (CfPS, 2017)

2.2.0.2 In order to meet the needs of local people, councils work with a wide range of other organisations. There is no “council” service that is delivered without the involvement of partners in some form; scrutiny needs to understand this partnership dynamic, how the culture and practices of partners affect how the council works, and how lines of accountability between organisations active at local level might need to influence how scrutiny proactively engages with partners.

2.2.0.3 In working with and seeking to influence partners it can be productive to think about how local people experience services, framing scrutiny’s work with reference to those experiences, rather than trying to conduct “scrutiny of partners” as a separate and distinct kind of scrutiny work. This issue is explored more fully in section 2.2.1 below.

2.2.0.4 The motivations and objectives of those beyond the council can be slightly more difficult to discern and act on. Scrutiny lacks formal powers in relation to many partners, which can make engagement challenging. Some of these partners include:

- Trading companies, joint ventures, alternative delivery vehicles – increasingly, councils adopting more commercial and entrepreneurial approaches to service design and delivery are setting up new kinds of structures for that purpose. These might be wholly owned by the council, or together with other public or private sector bodies.

- Partners in these sorts of venture – other councils, or private sector bodies, might be the council’s partners in these sorts of activity. Understanding what drives them and what scrutiny work might add value to their work will be productive. This may however be a challenge – these organisations are likely to have their own accountability and governance systems.
- Commissioned partners – councils may have commissioning frameworks which see elements of service delivery carried out by other partners. Such arrangements are often long term in nature and guided (if not specified in detail) by contract. These arrangements will be subject to a fair degree of internal oversight
- Contracted partners – organisations may contract with the council on a more traditional basis. It is more common now for contracts to have written into them provisions requiring that the contractor respond to scrutiny requests, but early engagement and dialogue will help them to understand scrutiny, its role, and how they can involve themselves in a way that provides them with real benefits
- Statutory partners – bodies like local NHS bodies, community safety partners and a range of other public bodies will work closely with the council to develop and deliver services to local people – we have outlined some of these relationships in section 1 above.
- Neighbouring councils and other scrutineers - we will cover the relationship with other scrutineers in the locality in the section below.

2.2.0.5 The guidance highlights the importance for scrutiny of being able to follow “the council pound”, which has implications for work with contractors, commissioned partners, trading companies, joint ventures and other organisations.

Scrutiny committees will often have a keen interest in “following the council pound” – ie scrutinising organisations that receive public funding to deliver goods and services.

Authorities should recognise the legitimacy of this interest and, where relevant, consider the need to provide assistance to scrutiny members and their support staff to obtain information from organisations the council has contracted to deliver services. In particular, when agreeing contracts with these bodies, authorities should consider whether it would be appropriate to include a requirement for them to supply information to or appear before scrutiny committees.

Statutory guidance on overview and scrutiny in local and combined authorities, p20

2.2.1 General themes relating to the scrutiny of partners and partnerships

2.2.1.1 In carrying out scrutiny work that involves partners, it can be tempting to look at individual partners, their duties, and responsibilities, separately. However, as we have noted above, this may not reflect the experiences of local people, or lead to scrutiny that will make a real impact.

2.2.1.2 For example, looking at the specific work of a local charity operating under a service level agreement (SLA) with the council to deliver a range of youth services will frame that subject with reference to the SLA and the perspective of the council in enforcing that agreement’s delivery. Looking instead at the issue from the perspective of young people themselves - following them through the system and identifying the interactions they have with public, private and third sector bodies as they live their lives – helps us to identify the links and, potentially, the gaps between organisations. Scrutiny, as a function of the council benefiting from councillors’ local insights, is uniquely placed to carry out this cross-cutting work.

2.2.1.3 This is really about “mainstreaming” a consideration of partners and partnership into everyday scrutiny work. In some cases, this may provoke scrutiny councillors to rethink how they conceive of scrutiny’s role and focus (as we will discuss in section 3 below). It may also provoke a shift in structures. Some councils have “internal” and “external” scrutiny committees, for examples, which may be considered not especially fit for purpose if scrutiny wants to take a more citizen-focused approach to its work.

Wirral Council: Children’s Services “Reality Checks”

(extract from “Scrutiny frontiers”, (CfPS, 2019))

Following the inadequate Ofsted inspection of 2016, we considered possible approaches to gain a better picture of our business. Following this consultation, we developed a programme of Children’s Services ‘Reality Check’ visits. Benefits of the reality checks include improved understanding of services for vulnerable children and families, enhancing engagement with partner organisations and aiding assessment of integrated health and care. The work also aligns with the children’s services improvement plan developed as a result of Ofsted inspection and visits. The approach enables triangulation of evidence from different sources to ensure scrutiny receives a robust and comprehensive picture on which to base their recommendations. [...]

Recommendations made include improving pathway plans to ensure care leavers’ voices are captured. We have addressed concerns regarding re-referral rates to social services, putting in place an action plan monitored through the Committee. We have identified concerns about staff communication and recommended co-location of staff across the borough and this has been implemented across children’s services. Development of staff IT training has been endorsed and encouraged by scrutiny and agile working is now being introduced throughout the Local Authority. All recommendations were fully accepted by all agencies and are shared with the Cabinet Member and Local Safeguarding Children’s Board. [...]

Reality check visits encourage a culture that allows us to gain assurance that children’s services are providing the best outcomes for our children and young people. As recommendations and reports are made in partnership with the services visited, it has evolved into a collaborative approach.

Cllr Tom Usher, Chair, Children and Families OSC

2.2.1.4 Partners are likely not to be especially familiar with scrutiny and its work. There may be a degree of resistance to scrutiny; or a willingness to use scrutiny in ways that are unproductive – using scrutiny as an opportunity to “market” issues and solutions to councillors in ways that may cause frustration. Both issues will arise where there is a lack of clarity over scrutiny’s role.

2.2.1.5 A focus on local people will make scrutiny an “easier sell” to those who might otherwise feel that their organisation’s inner workings are about to be subjected to some forensic investigation. In thinking about early interactions with partners, scrutiny councillors will need to consider:

- What exactly are your, and their, expectations? Misunderstandings about what overview and scrutiny is trying to achieve, and what other scrutineers are doing, can hinder the development of positive working relationships.
- What are their own powers and lines of accountability? In hierarchical organisations or sectors (for example, where lines of accountability are seen as ultimately passing upwards to a Government Minister), people may feel that engaging with overview and scrutiny makes a formal commitment to being held to account by local government.

- What are the timing and resource implications for partners in engaging in this way? Some will need to be given not only a justification for engaging but an incentive for doing so – a commitment to improving services in a way that links closely to the other organisation’s priorities.

2.2.2 Working with other scrutineers

2.2.2.1 Increasingly, identifying and working with other local scrutineers is an important part of securing an impact beyond the bounds of the authority, as discussed in 2.2.1 above. It is also important because:

- Local government and combined authority scrutiny operates with limited resources (see section 6.3). It is impossible for council scrutiny functions on their own to investigate and have consistent oversight over the services provided to local people;
- Local government business – the business of improving the lives of people in a given geographical area – involves a huge range of different partners, with different operational models and governance arrangements. Such arrangements should involve the sharing of scrutiny, alongside shared decision-making, in the interest of streamlining governance.

2.2.2.2 As we noted above, it is now generally accepted that a shared responsibility exists, across partners and partnerships, for ensuring that local people are being provided with the services they need.

2.2.2.3 Other scrutineers might include:

- Other tiers of government. On some issues, particularly large scale health service reconfigurations, it has become common for joint scrutiny committees to be established. In two-tier areas, links between district and county scrutiny are important – in combined authority areas, links between CA scrutiny (covered below at 2.4) and local authority scrutiny are important to recognise and get right;
- Neighbourhood and area structures established by the authority.
- External regulators and inspectors (Ofsted, Care Quality Commission and information from Ombudsman investigations can be an important source of insight for scrutiny).
- Those involved in providing support and guidance to the sector at national level. The Local Government Association, and membership organisations such as SOLACE and CIPFA, support councils and can provide important insight into local and national challenges. The National Audit Office does not scrutinise individual councils, but it does carry out thematic reviews into value for money in the sector which can present challenges and opportunities for change;
- Local Healthwatch, in respect of local NHS bodies (more detail on the role of Healthwatch in respect of health scrutiny can be found in <https://www.cfps.org.uk/wp-content/uploads/Local-Healthwatchhealth-Roles-relationships-and-adding-value.pdf>);
- Local community groups or advocacy organisations – a range of bodies acting locally may seek to hold the council and its partners to account.
- Local Enterprise Partnerships (LEPs). Although not conventional “scrutiny bodies”, LEP structures provide a mechanism for local business to engage with, and hold to account, a range of partners on action in relation to local growth and local industrial strategies. In areas that have them, this will link closely to the role of combined authorities, as described above;
- Police and Crime Panels and other policing structures (including fire and rescue scrutiny), on which further guidance awaits publication at the time of writing (June 2019).

- Tenant scrutiny; in England, tenant scrutiny panels are part of the “co-regulatory” system of accountability. Tenant scrutiny sits alongside the role of Homes England and the Housing Ombudsman; panels, where they exist, are there to champion the interests of tenants and to hold social landlords to account on their behalf. More information can be obtained from TPAS;
- The press, and local bloggers, also have an important role in holding decision-makers to account – the opportunity to work with journalists should be taken, as well as ensuring that scrutiny is as open as possible with journalists as it carries out its work;

2.2.2.4 Working with other scrutineers could take many forms.

- Informal information sharing. It might prove useful to periodically share information about issues of mutual interest.
- Informal joint work. Two or more sets of scrutineers might identify a common area which deserves further research. Joint background work could be carried out to inform two separate pieces of research, which would have different focuses on account of the different organisations involved, but the pieces of work would be designed to dovetail together
- Formal joint work. Two sets of scrutineers might come together – perhaps as a joint task group, or on a committee onto which people from other scrutiny bodies are co-opted – to carry out an investigation together, leading to a combined report with recommendations for two or more separate organisations.

West Sussex: joint scrutiny arrangements

Arun, Chichester, Horsham and Mid Sussex District Councils, Crawley Borough Council and West Sussex County Council (WSCC) agreed in 2010/2011 to establish trial joint scrutiny arrangements, to enable them to work together on specific scrutiny projects. After a review in late 2012 it was agreed to make Joint Scrutiny a permanent arrangement. Worthing Borough and Adur District Councils decided not to take part in the formal arrangements at that stage but joined the group in November 2014. A Joint Scrutiny Steering Group oversees the arrangements and is made up of the Overview and Scrutiny Committee Chairmen of the participating councils. This Steering Group has met six times. The Group has also shared information and sought comments via virtual means.

Joint scrutiny in West Sussex has involved task and finish groups being carried out on a range of topics including housing arrangements for care leavers and community legal services. The standing joint arrangements make it possible to identify and carry out work of mutual interest but do not result in a resource intensive approach; the steering group has met physically only six times since the establishment of the arrangements.

2.2.2.5 Timing is critically important. Other scrutineers will need to be engaged early on, when a piece of work is being planned. Plenty of time will need to be given to ensure that they can secure clearance to work with you. Once you have started to develop a relationship, pursuing other pieces of work in the future is likely to be more straightforward. It may be that your relationship is such that you will develop some kind of informal agreement or protocol to define how you will work together in the future.

2.3 Managing relationships beyond the authority: the public

2.3.0.1 At combined authority level, the strategic nature of the CA’s work may suggest that there is less of a need to work with the public; this may not be the case, and some of the opportunities for public facing work can be found in “Overview and scrutiny in combined authorities: a plain English guide” (CfPS, 2017)

2.3.0.2 At a more local level, the public are vital partners in scrutiny work. Public involvement goes beyond “consultation” or “engagement” in particular scrutiny reviews. Such traditional consultation is often framed in a way that meets members’ needs or the council’s needs, and may not provide the kind of insight and perspective that comes of giving local people a more meaningful role in the scrutiny process. Public input into scrutiny should be awkward and challenging for professionals and councillors alike – it should challenge our assumptions about how services are delivered on the ground, and about how people experience their lives in the communities we serve.

2.3.0.3 “The public” are not a single group; geographically and by topic, local people will organise themselves in a range of different ways. Broadly speaking, some of the key groups will include the following. These groups will all overlap:

- Local people as citizens with a stake in local democracy. In carrying out scrutiny work it is important to remember that we should not think of local people just as “service users”, or “customers” of the council – people who pay their council tax and get a service in return. The relationship is much more complex than that, and it starts with the public’s role as citizens and their rights to challenge the council and its partners to understand and meet their needs better;
- Local people as they experience “universal services”. Visible, universal services – councils’ environmental services and infrastructure responsibilities for the most part – may provoke people to organise on geographical lines, in neighbourhoods, communities and wards;
- Local people as they experience support provided to meet their specific needs. Less universally visible services, like children’s services and adult social care, will see their users engage with the council in different ways – through advocacy and support groups and potentially through the local third sector.

2.3.0.4 The presence of borough-wide, or area-specific, community and advocacy groups will make a difference to the way that scrutiny engages with civil society on a local level. It is probably not productive for scrutiny to try to “map” the various local pressure groups and organisations but having an understanding of the key individuals, groups and relationships will be important as scrutiny begins to consider topics and how they will intersect with the interests of local people.

2.3.1 Giving the public a stake in the scrutiny process

2.3.1.1 In a way, asking how to engage the public in scrutiny’s work is the wrong question. Meaningful public engagement starts with ensuring that the public has a clear stake in scrutiny and its work programme, and that there is a transparent opportunity for the public to use a variety of means to influence that work programme. This form of engagement will make engaging the public in individual reviews easier. Promoting scrutiny’s role to the wider public is an important duty which is covered in the guidance in some detail.

Authorities should ensure scrutiny has a profile in the wider community. Consideration should be given to how and when to engage the authority's communications officers, and any other relevant channels, to understand how to get that message across. This will usually require engagement early on in the work programming process.

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 11, p11

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

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 53, p21

- 2.3.1.2 Many councils formally, or informally, consult local people on the content of scrutiny's annual work programme, where such a work programme exists.
- 2.3.1.3 The outcomes of these exercises can vary. Talking to local people "about scrutiny" is often difficult – public understanding of how the scrutiny function operates is low to non-existent, and alternative approaches might be better. Some councils have found success by announcing that councillors want to understand what is important to local people, in order to think of ways to improve services based on their input – essentially, providing an explanation of scrutiny without any of the jargon.
- 2.3.1.4 By and large, however, public feedback from those not currently involved in scrutiny is likely to be low from these broad-brush attempts at engagement. Scrutiny officers, and members themselves, are likely to have little time to try to design the traditional kinds of public engagement exercises that might be thought necessary to make them work (exercises which, in fact, tend to have poor results anyway).
- 2.3.1.5 Local online discussion forums and blogs – and Facebook groups – can provide a useful place to engage in snapshot-style discussions with local people on issues that interest them – although councillors will of course be aware of the risks and shortcomings of engaging in this way, which can act as a lightning rod for people's personal concerns and complaints.
- 2.3.1.6 Of course, most important is the need to just listen. There will be plenty of discussions happening at local level amongst local people and within local groups about important issues. Listening to and understanding these conversations in the spaces they are happening is much easier now that they are more likely to be happening online but should not preclude physically getting out to where conversation is happening within and amongst local groups and organisations. Councillors will have direct conversations with local people about these needs – these should be fed in too.
- 2.3.1.7 When these views, opinions and experiences are drawn together, reflection and self-discipline will need to be exercised by councillors to determine which reflect pressing, genuine concerns, and which may not. This is not about focusing on the demands of the loudest people, but it is also about recognising that noisy members of the public whose behaviour and activities may exasperate councillors and council officers may have extremely good reasons for their campaigning, and deserve to be listened to and have action taken through scrutiny.

Devon: work programming

Co-ordination of the activities of Scrutiny Committees is undertaken by the Chairmen and Vice-Chairmen of Scrutiny Committees to avoid duplication of effort and to ensure that the resources of the Council are best directed to support the work of Scrutiny Committees. Before an issue is added to the work programme Members consider:

- Whether the issue is in the public interest
- Is there a change to National Policy?
- Does it affect people across Devon?
- Are there performance concerns?
- Is it a safety issue?
- Can scrutiny add value by looking at it?
- Is it ACTIVE ?

Tower Hamlets: review of scrutiny

As part of a wider review of scrutiny (see <https://democracy.towerhamlets.gov.uk/mgConvert2PDF.aspx?ID=128813>) the London Borough of Tower Hamlets has adopted a new approach to work programming, which follows the following stages:

- Mapping legislative and constitutional requirements;
- Horizon scanning by directorate (performance reports, inspections, risks);
- Reviewing issues identified by residents (complaints, member enquiries, FOI);
- Review of work programme from last year and any ongoing areas;
- Consult with scrutiny committee members, officers, partners and local residents;
- Prioritisations;
- Division of priorities between committees;
- Draft work programme agreed.

2.3.1.8 The important things to note – not only in the use of evidence for work programming but in the use of public views more generally - are that:

- No one source of evidence will provide a definitive picture of the issues likely to be important to local people;
- A “good enough” approach should be taken to the way that scrutiny seeks to collect public views – you will never achieve perfection, and it is better to have a partial picture (while recognising where flaws and gaps exist) than doing nothing at all;
- Conversations are often a better source of detailed information than lots of numerical data.

2.3.1.9 The section below on work programming provides broader context on how public views form a part of a wider programming process. The section on evidence-gathering provides more information on public engagement in individual scrutiny reviews.

2.3.2 Scrutiny's public visibility

- 2.3.2.1 Scrutiny is outward facing – an important strategic function of the council. Scrutineers should work closely with those involved in communications – another important strategic function – to think about how scrutiny's work can engage a wider audience in order to achieve the agreed objective and outcome.
- 2.3.2.2 Part of this is about ensuring that the basics are met – fundamentally all communication activity needs a clear objective and clarity around what outcome you are trying to achieve. Seeking to improve the profile of scrutiny for the sake of it will not work or justify the time spent.
- 2.3.2.3 Scrutiny needs a web presence (on the council's website) which articulates clearly scrutiny's role (see section 3) and links to evidence of scrutiny's recent impact. Committee papers should be available and easily searchable. Scrutiny – and scrutiny councillors – ought to have a social media presence (on which platforms will depend on the area and the council's broader corporate policies). We know that some councils have attempted to prevent scrutiny from social media activity; in our view such action is inappropriate as scrutiny has a need of an independent way of expressing itself to the wider public. Overall, scrutiny might wish to have a communications plan – setting out specific points in the year, in relation to specific issues or topics, where public outreach might be necessary, and thinking about how these can be organised. Communications, here, is not about just broadcasting what scrutiny is doing to a passive audience – it is about opening up opportunities for dialogue with the local community to hear their views and insights on specific issues.

2.4 Stakeholders for combined authority scrutiny

- 2.4.0.1 A very different set of stakeholders operate at regional, combined authority level.
- The Mayor. The Mayoral/scrutiny relationship is particularly important; the guidance mentions the importance of effective scrutiny in Mayoral systems. The Mayor has broad power given their direct election and powers conferred by the bespoke Orders establishing CAs; scrutiny's role is both to support and challenge the exercise of this power;
 - CA Boards. Made up of leaders of constituent authorities, the CA Board may, in different places, play both an executive and a scrutiny role – holding the Mayor to account but working closely with that person to deliver collective priorities;
 - The LEP. For many CA areas, the LEP will be a functional arm of the CA itself, although in areas where more than one LEP area currently overlaps with the CA, this will not be the case;
 - The wider business community, who will engage both through the LEP and directly with the CA;
 - Constituent and non-constituent councils. All local bodies (and some outside of the CA's functional area) will be impacted by CA decision-making. CA scrutiny can work with local authority to investigate these issues in more detail;
 - The CA's officer corps. The CEO of the CA, and other senior officers, are important stakeholders – particularly as most CAs' officer corps is far smaller than that of most local authorities.
- 2.4.0.2 All combined authorities are different in governance terms, because of their bespoke devolution deals. This leads to differences in the identity of key stakeholders. For example, for most but not all CAs, transport providers will be a central partner; in some cases, policing and health partners will also be key stakeholders.
- 2.4.0.3 CfPS research has suggested that “local public accounts committees” could evolve from the current CA scrutiny model, reviewing and holding to account public spend across a whole

place. The CA geography has been suggested as a good one for this.

2.4.0.4 More information on combined authority scrutiny can be found at ““Overview and scrutiny in combined authorities: a plain English guide” (CfPS, 2017)

3. Role and priority

3.0.0.1 The role of scrutiny needs to be clarified and understood by scrutiny’s stakeholders.

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

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 11, p8

3.0.0.2 The guidance highlights the importance of role and focus. Many councils have sought to adopt different approaches to clarifying their role.

Devon: local government reorganisation

The Bournemouth, Christchurch and Poole Council, when in shadow form, needed to establish and operate a scrutiny function in preparation for the vesting of the new authority in May 2019.

The challenge of this process was to ensure that members of the shadow authority could effectively transact their role while scrutiny in the predecessor authorities continued.

Members decided to use the concept of risk as a “lens” through which to review and evaluate potential topics for the work programme. Doing so ensured that scrutiny retained focus, and that members were directed towards the kind of strategic issues which were critical to the establishment of strong, effective corporate systems in the shadow authority as vesting day approached.

3.1 Scrutiny’s role overall

3.1.0.1 Clarifying what scrutiny “does” is difficult but necessary. It is difficult because it presents a significant cultural shift away from the approach that many councils have taken historically – that scrutiny exists to carry out a generalised oversight of the council and its partners, and that trying to do anything “less” would involve key issues falling between the gaps. Research published by CfPS and APSE in 2017 expands on this issue.

3.1.0.2 Resource constraints being what they are, an attempt to keep a general watching brief over everything in the local area is impossible. Not only that, adopting such vagueness for scrutiny’s role increases the risk that scrutiny will duplicate the work done by others – by audit, by contract managers, by council directors, by partners, by the press and by others.

3.1.0.3 Instead, it is more productive for scrutiny to attempt to adopt a primary area of focus. This

role may be different from council to council – it will depend on the council’s culture and its priorities.

- 3.1.0.4 We do not suggest that councils have an area of focus in a substantive sense (for example, that councils should focus on, say, children’s services at the exclusion of other topics) – more that role be used as a “lens” through which scrutiny can focus its work on what can add most value (as demonstrated by the Devon example given above).

Scrutiny works best when it has a clear role and function. This provides focus and direction. While scrutiny has the power to look at anything which affects “the area or the area’s inhabitants”, authorities will often find it difficult to support a scrutiny function that carried out generalised oversight across the wide range of issues experienced by local people, particularly in the context of partnership working [..]

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

Applying this focus does not mean that certain subjects are off limits.

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 49-51, p21

- 3.1.0.5 Scrutiny often ties in with decision making and to the development of major policies by the council. This makes sense, because it is only by influencing those policies that scrutiny will have an impact on the business of the council.
- 3.1.0.6 This section on these different forms of scrutiny focuses on the council, but as we have already noted scrutiny will want to have an impact across the wider area, and this will influence how it engages with the council’s partners. Work programming is the way in which scrutiny members can reflectively decide on the relative priority of opportunities that present themselves, and the way in which they can decide on the timing of that scrutiny. This work all needs to be supported by a robust approach to the accessing and use of information, and by a clear understanding of the research methods available to scrutiny to carry out its work.

3.1.1 Scrutiny’s role in Combined Authorities

- 3.1.1.1 Combined Authorities (CA) have particular roles to perform – roles which are potentially very different to how scrutiny operates in local government.
- 3.1.1.2 CAs are primarily strategic entities. They are systems integrators, working with a range of partners with long term goals in mind. CA’s functions are currently focused on transport, infrastructure, investments and economic development. Potentially (like Greater Manchester) they have a developing focus on a far wider range of issues such as health and social care. These are all strategic issues where decisions have lead times which may be decades-long. Projects are likely to be especially complex, and governance reflects this.
- 3.1.1.3 Some CAs also, however, have highly operational roles – particularly in respect of transport provision.
- 3.1.1.4 This presents a real challenge, as it demands that councillors sitting on CA scrutiny committees conceive of different ways of working at CA to those with which they will be familiar locally, in a way that takes account of this mix of strategic and operational roles. For example, while it fits within the CA’s duties, a scrutiny function that preoccupied itself with the positional of local bus stops would not be especially effective from a strategic point of view.

- 3.1.1.5 CfPS research has demonstrated that by and large CAs have struggled to come to terms with this very different role for scrutiny (<https://www.cfps.org.uk/wp-content/uploads/2018-01-05-ca-scrutiny-report.pdf>). We have in the past (<https://www.cfps.org.uk/wp-content/uploads/Overview-and-scrutiny-in-combined-authorities-a-plain-english-guide.pdf>) said that scrutiny in combined authorities should be seen as “light touch”, reflecting the generally strategic nature of combined authority and the limited approach to governance that accompanies it. This is however not to say that combined authority scrutiny should not be forensic and robust; it is more a reflection of the strategic, rather than operational, nature of the issues that scrutiny will be looking at. This demands bringing a different kind of focus and approach to CA scrutiny.
- 3.1.1.6 A model of scrutiny which sees councillors coming together periodically to undertake “traditional” scrutiny – working through multiple reports in a meeting – is likely to be unfit for purpose in these circumstances.

3.2 Work programming

- 3.2.0.1 This section is particularly focused on the needs of local councils; more detailed information on work programming in CAs can be found at, ““Overview and scrutiny in combined authorities: a plain English guide” (CfPS, 2017). There is significant overlap in the core principles but also some key differences, reflecting scrutiny’s strategic role in those authorities.
- 3.2.0.2 Effective work programming is the bedrock of an effective scrutiny function. Done well it can help lay the foundations for targeted, incisive and timely work on issues of local importance, where scrutiny can add value. Done badly, scrutiny can end up wasting time and resources on issues where the impact of any work done is likely to be minimal.
- 3.2.0.3 Once scrutiny’s role is agreed, it becomes easier to decide what specific topics should be prioritised. Councils have a range of ways to set their work programme. In councils with multiple scrutiny committees, the individual committees might have separate work programmes, or there may be a single one for the whole function. Where multiple work programmes exist, it is necessary that they be co-ordinated to avoid duplication and imposing too great a burden on reporting officers.
- 3.2.0.3 Councils may adopt rolling work programmes, might prefer the predictability of an annual programme, or may have programmes that run across the entire electoral cycle.
- 3.2.0.4 The most common approach is to have an annual work programme but with enough flexibility to account for some shifts in priority and topic over the course of the year. It is best to consider work programming as a continuing exercise rather than a stop-start one.
- 3.2.0.5 A range of voices need to be heard and listened to as scrutiny plans its work. The stakeholders mentioned in section 2 are likely to have useful insights; the council’s executive, in particular, needs to be kept involved. In a wider sense a range of other communication requirements need to be borne in mind:
- Discussion and dialogue, informally, as the work programme is put together. Where councils have an annual scrutiny work programme (for the whole function, or for individual committees), these discussions can happen in January or February. They will involve officers, and members of the executive, informing scrutiny councillors and officers of interested and relevant forthcoming work where scrutiny might be able to add value, and may offer a useful sounding board for both the executive and scrutiny in considering where scrutiny’s resources might be focused.

- Ensuring that information about current and prospective decisions is shared in a timely manner by the executive, meaning that scrutiny can build these plans into its work programme as necessary;
- Ongoing discussions around performance and finance issues which crop up in-year. This is covered in more detail in section 4.1.1.

3.2.0.6 This approach is predicated on having a work programme whose key elements are set in advance, but where the flexibility exists to add (and remove) items as needs demand.

3.2.0.7 Local authority governance expert Dr Dave McKenna has set out one approach to work programming which we have adopted here (with amendments). It has several elements:

- Information gathering / discovery (3.21 below)
- Prioritisation (3.22 below)
- Matching activities to topics (3.2.3 below)

3.2.0.8 Ongoing review of the work programme, as it delivered, is important to ensure its continued relevance.

3.2.1 Information gathering / discovery

3.2.1.1 In the section on engagement with the public we highlighted the role that local people can play in having a stake in the scrutiny process through active involvement in work programming.

3.2.1.2 Public views will go alongside a range of other sources of information to allow members to make an informed choice about what to look at. In reality, this means that scrutiny is likely to need to have a range of sources of information which it will periodically review. This is not the same as scrutiny trying to maintain a watching brief over everything – it is about knowing what information to access in order to know enough to understand on which issues scrutiny’s focus is most needed.

3.2.1.3 These sources of information will differ from council to council but are likely to include some of the documentation to which we make reference in section 4.1.1.1. Councillors might want to select some key sources of information – from the council and elsewhere – and resolve that they will review it every quarter to give themselves the assurance that scrutiny is looking at the right issues, and in the right way. The use of a “digest” of information can help to ensure that the sheer quantity of information that councillors *could* look at is more manageable.

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

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 40, p18

3.2.1.4 We cover the use of information digests in more detail in section 4.1.1.

3.2.1.5 Effective information gathering needs to be complemented by members’, and officers’, ability to effectively and independently review information when they have it. Skills and capabilities are important here – as the guidance says, and as we go on to expand in section 6.2.1.

3.2.2 Prioritisation

- 3.2.2.1 With a range of information at its disposal, scrutiny has to decide how to direct its time most effectively. Critical here is the ability to reflect back on the overall role of scrutiny; topics naturally need to be framed in a way that relates closely to that role.
- 3.2.2.2 Beyond this, there are a variety of methods to manage prioritisation. Some councils use rigorous scoring systems and other forms of criteria – in part to make the process transparent and accountable. In others, councillors give themselves much more discretion to use their subjective judgement to decide on the relative priority of topics.
- 3.2.2.3 There is no single correct approach. With clarity of role, councillors are likely to find the task of prioritisation easier. That said, the prioritisation of work will mean that – by definition – some (councillors and officers alike) will find that topics they may wish to promote cannot be delivered.
- 3.2.2.4 There is a natural urge to find “ways around” this – by merging topics, or by prioritising loosely. Councils and councillors are likely to find that they need to resist these urges, so as to ensure that scrutiny can stay focused.
- 3.2.2.5 There are two other important factors in prioritisation:
- Methods – the various tools and methods that scrutiny can employ to carry out its work. Choices here can influence prioritisation (and vice versa);
 - Timing – again, the right moment for scrutiny will differ from subject to subject, and will depend on the topic.
- 3.2.2.6 An effective scrutiny work programme is likely to incorporate a range of methods and timings. Both factors are likely to influence the relative priority of a given topic.

Members’ rights to place items on the agenda

- 3.2.2.7 Most councils’ constitutions protect the right of any member to place an item on a scrutiny committee agenda. In practice, this has to be mediated with reference to the work programme and the best use of committee resources. Democratic services officers will be best placed to speak to councillors about particular issues that they wish to place on agendas and work programmes, and to suggest the best ways of ensuring that those matters can be dealt with productively. It is, however, right that occasions will arise when the urgency or importance of a particular item brought to the committee’s attention by one of its members will justify its inclusion.

The Councillor Call for Action (CCfA)

- 3.2.2.8 CCfA was introduced by legislation in 2007, with the intention of providing a mechanism for councillors to raise issues of importance to local people at a scrutiny committee, with a view to ensuring that these issues could be resolved.
- 3.2.2.9 Legislative provisions relating to CCfA remain in force and all councils have procedures and protocols in their standing orders defining its use. The Improvement and Development Agency (IDeA) published “best practice guidance” on CCfA in 2009; CfPS published a review of the operation of CCfA in autumn of that year which concluded that its use had been fairly minimal; since then it has continued to reduce in importance and can now be considered fairly peripheral. Other methods exist for scrutiny to understand a pressing local issue and bring local people, officers, members and partners round a table to resolve it.

3.2.3 Methods

3.2.3.1 Structurally speaking there are several ways to investigate a topic, some of which are explored in the guidance. These include a variety of different approaches to “scrutiny reviews”, or “task and finish” reviews. These are more informal approaches to scrutiny, which involve a small group of councillors being commissioned by a formal committee to go and investigate a topic in detail, before reporting back with recommendations.

- By way of an agenda item at an ordinary committee meeting.
- By way of a “single issue” committee meeting. The opportunity might exist to call a range of witnesses, to hear from the public or to take and consider a wider range of evidence, with this all happening in the traditional environment of a formal scrutiny committee meeting. In some places these are known as “challenge panels”.
- By way of a single issue meeting of another type. Members may find that the formality and structure of a typical committee meeting may not always be appropriate. A single issue meeting of another type allows for more meaningful public input, debate and discussion.
- By way of a short scrutiny review. A short, sharp review might take a few weeks, with members meeting two or three times over that period. It might be possible to transact such a review between the meetings of a formal committee (so, one meeting involves a review being commissioned, and the next sees the report of that review group coming back to committee for approval).
- By way of a more traditional, longer scrutiny review. Less common now are longer term, more detailed scrutiny reviews. These might take a few months;
- By way of a standing panel or (notionally) time-limited committee. When scrutiny is shadowing long-term working (for example, a major NHS reconfiguration) setting up a more open-ended arrangement may be appropriate.

3.2.3.1 We cover research methods in more detail in the section on scoping, below.

3.3 Timing: pre-decision scrutiny

3.3.0.1 Pre-decision scrutiny is where an authority’s overview and scrutiny function looks at a planned decision before it is made by the executive. It is often seen as a contrast with post-decision scrutiny through the council’s call-in arrangements, whereby the implementation of Executive decisions can be delayed.

3.3.0.2 Looking at decisions before they are made provides an important means to influence those decisions, and to improve them. It gives scrutineers an opportunity to challenge assumptions that may have been made as the decision was developed; it also gives them the chance to consider how decision-makers have considered what risks might arise from the implementation of the decision, and how those risks might be mitigated.

3.3.0.3 This can happen in two ways – shortly before a decision is made by the executive, usually two or three weeks before, or looking at a planned decision several months before it goes to the executive. Whatever the timing, the most important factor is to ensure that scrutiny is able to truly influence a decision and not just act as a rubber stamp, or carry out work that does not feed in to the decisions itself in an especially effective way.

3.3.1 Pre-decision scrutiny immediately before a decision is made

3.3.1.1 This is scrutiny undertaken two or three weeks before the decision is made by the executive or by an executive member. It is usually, but not always, based on the publication of the Forward Plan. This form of pre-decision scrutiny does not tend to be a feature of combined authorities, where the infrequency of committee meetings makes it unattractive.

Northampton: pre-decision scrutiny

The Leader and relevant Portfolio Holders attend the Overview and Scrutiny Committee to outline his aims and objectives for the year and issues likely to be in the Forward Plan.

From this the Overview and Scrutiny Committee considers areas where Overview and Scrutiny will contribute. The Overview and Scrutiny Officer includes any additional Forward Plan items, not considered by the above process, on the agenda of the Overview and Scrutiny Committee. The Overview and Scrutiny Committee determines which items it would like an input into, based on strategic impact, relevance to the Committee's work programme, public interest and/or financial implications, and Overview and Scrutiny Officer, on behalf of the Chair, advises the relevant Director of the Overview and Scrutiny Committee's request for predecision Scrutiny.

The Director will consider the request, in particular in respect of timings and will then provide a response to the Chair. The request for pre-decision Scrutiny also requires the agreement of the Leader and relevant Portfolio Holder.

The Director and Portfolio Holder will attend the meeting to discuss the issue and set out the nature of the matter under consideration, the key issues identified, any constraints, timescale for a decision, intended impact and a summary of progress to date.

The Overview and Scrutiny Committee discusses the issue and identifies any points it would like addressed in the final report. These are minuted. If necessary, and timescales allow, a further report may be requested by the Overview and Scrutiny Committee.

The report author drafts the final report for Cabinet, clearly identifying points raised by the Overview and Scrutiny Committee and demonstrating how they have been addressed. This will clearly demonstrate how Overview and Scrutiny is contributing to better cross-party decision-making. The Overview and Scrutiny Committee would not usually have an input at this stage, although they would retain the right to call-in the decision after it had been made.

Where it was felt appropriate for the Overview and Scrutiny Committee to consider a draft final report for Cabinet, it must be approved for release by the relevant Corporate Director, the Leader and the relevant Portfolio Holder, before submission to the Overview and Scrutiny Committee. The final report is submitted to Cabinet.

3.3.1.2 Under this approach, decisions might be brought to scrutiny as drafts of the final executive report; members will ask questions of the officers responsible (and Executive member) and make suggestions as necessary. Where scrutiny meetings convene less frequently than the executive (and particularly where some decisions may be more operational in nature) not every item on the Forward Plan may come to a committee for pre-scrutiny (and there is usually some filtering system which may reflect some of what we have to say about work programming in section 3.2).

3.3.1.3 This form of pre-decision scrutiny is particularly common in councils which operate "hybrid" governance arrangements. In these instances, key decisions are submitted to scrutiny committees (although under these arrangements they might have different names). The committee makes a recommendation to the executive, or to individual members of the

executive, that the decision should be approved (or not). This recommendation is basically rubber-stamped by the executive.

- 3.3.1.4 Pre-decision scrutiny carried out immediately before a decision is made will demand a different approach – perhaps focused on a hearing at a committee meeting which asks key questions around the decision’s implementation, risks and measures of success – the last of these is likely to be particularly important for post-decision scrutiny, as we set out in section 3.4.1.1.
- 3.3.1.5 For these meetings, questions which delve into the fundamentals of the decision and which bring up radically different options to those which are being proposed are unlikely to be useful or productive. Scrutiny, when making these recommendations, can find itself ignored – potentially precipitating a later call-in. These kinds of debates lend themselves far better to the longer-term work we’ve described above.
- 3.3.1.6 Pre-decision arrangements based on the Forward Plan rely on the accuracy and quality of that Plan to work properly.

3.3.2 Pre-decision scrutiny some time before the decision.

Ensuring early and regular engagement between the executive and scrutiny – authorities should ensure early and regular discussion takes place between scrutiny and the executive, especially regarding the latter’s future work programme.

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 11, p9

- 3.3.2.2 For example, a scrutiny chair may be aware that the authority plans, in nine months, to agree a new housing strategy or review a partnership or contract arrangement which is due for renewal in the near future. He or she can plan the committee’s work programme to look at some or all of the key elements of that strategy as they are being considered – key pieces of evidence (such as proposed housing targets), emerging priorities (dealing with shortages in social housing), financial implications (budgets to be spent on maintenance) and the extent to which the authority is engaging with key stakeholders (by speaking to tenants and leaseholders). It is important to ensure that this work aligns with the work being undertaken by the executive in developing the final decision. This is the only way that you can be sure that the work will ultimately have value.
- 3.3.2.3 This kind of scrutiny may well be in-depth. To be carried out properly it will need more time and resources to be allocated to it. As such, it may make sense to reserve its use to major decisions and significant strategic matters. It will also require a commitment to openness by the executive, along the lines we set out in section 2.1.1.
- 3.3.2.4 There are several tangible benefits to this form of scrutiny:
 - Challenging assumptions and making evidence-gathering more robust. Scrutiny can gather its own evidence to contribute towards the decision-making process, and can triangulate evidence being used by the council against that held by other partners and stakeholders. It can consult those directly affected by the decision impartially and independently. It can look at projections relating to the impact of the decision – financial, social, economic, environmental – and consider whether those projections and assumptions are justified.
 - Developing realistic plans and targets. Several months before a decision is made, the ultimate outcome – in terms of substantive targets – will probably not have been finalised. Scrutiny can

help to impartially develop challenging but realistic target that will be focused on outcomes rather the outputs, and which will be more difficult to “game”.

- Securing ownership and buy-in to the final decision. Engaging with scrutiny will help the executive to understand the expectations of the wider group of elected members and, by extension, the public (see below). This should ensure that the final decision takes account of such expectations and may reduce the risk of call-in or political disagreements which will hinder the decision’s ultimate implementation.
- Engaging with and satisfying the public. Around the country scrutiny has, in recent years, significantly enhanced its capabilities in engaging with the public. This expertise can be brought to bear in helping the council to understand local needs, with this engagement being led by councillors who approach this discussion with no vested interest or stake in the final decision.

3.3.2.5 The amount of time devoted to the work will depend on the extent to which it is considered to be a priority by scrutiny councillors. The usual principles around adding value, ensuring impact, prioritisation and work programming will apply.

3.3.2.6 In all other respects, pre-decision scrutiny should not differ from other kinds of scrutiny investigations.

3.4 Timing: post-decision scrutiny

3.4.0.1 There are two obvious forms of post-decision scrutiny – call-in (where a decision which has been made, but which has not yet been implemented, has that implementation delayed) and post-decision review of performance and finance information, which might take place six months or a year after a decision is made.

3.4.1 Post-decision review

- 3.4.1.1 The post-decision review of how a decision has been implemented forms part of the way that scrutiny more generally reviews and oversees services and support offered to local people.
- 3.4.1.2 Some of this will be expressed through review of performance, finance and other management information. Comparison with the set objectives and expected outcomes of a decision will give a sense of whether those objectives were realistic and whether a decision was “successful”.
- 3.4.1.3 This requires that decisions, and council objectives, should have some defined measures of success. Ensuring that this happens – that officers and members of the executive clearly understand the impact that decisions and changes in policy will have – can form an element of the pre-decision scrutiny processes that we describe above in section 3.3.
- 3.4.1.4 Because of the volume of key decisions being made and implemented, scrutiny will need to exercise discrimination in how it carries out this kind of post-decision review. It is likely that the same kind of escalation methods that we describe elsewhere can be applied here.

3.4.2 Call-in

- 3.4.2.1 Call-in provides a mechanism for councillors to intervene when they feel that a decision being made by the executive needs to be revisited (or possibly changed). It should, however, be regarded as a measure that is only needed in exceptional circumstances, rather than day-to-day. It sits in the context of a range of other tools at scrutiny’s disposal to influence decision-making.
- 3.4.2.2 The law says that scrutiny has a power to review or scrutinise decisions made but not implemented by the executive, which includes a power to recommend that the decision be

reconsidered by the person who made it. Statutory guidance exists to govern how councils carry out call-in work.

3.4.2.3 Generally only “key decisions” made by the authority are subject to call-in, although councils may decide in their constitutions to expand the scope of their call-in powers to allow other decisions to be scrutinised. Key decisions will for the most part be decisions made by members of the executive as individuals (where a power for individual members of the executive to make decisions is delegated from the the executive) or by the executive as a whole. However, guidance states that “it may be appropriate for key decisions made by officers to be subject to individual call-in”.

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

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 11, p10

3.4.2.4 The current definition for key decisions derives, in England, from legislation. Councils have used this to derive their own local definitions. Generally speaking, this will consist of:

- A financial threshold – so decisions with financial implications over £100,000, £200,000 or £500,000 might be key decisions, for example;
- A geographic threshold – so key decisions must affect two or more wards.

3.4.2.5 Key decisions must be notified publicly. Since 2012, councils in England have been obliged to give 28 days notice of planned key decisions (with provision for a shorter timescale in the case of urgency). This notice is usually provided by way of a “schedule of key decisions”, sometimes referred to as a Forward Plan.

Who can exercise call-in powers?

3.4.2.6 Different councils have established a range of requirements for a call-in to be valid.

- **Eden:** a decision may be called in by three members of the council in respect of an executive decision;
- Kingston: a committee system authority which has a system of “community call in” whereby 100 “interested” people (an interested person being someone who lives, works or studies in the borough) or 9 councillors can call a decision in: <https://moderngov.kingston.gov.uk/mgCommitteeDetails.aspx?ID=347>;
- Southwark: a decision may be called in by three members of the overview and scrutiny committee: <http://moderngov.southwark.gov.uk/documents/s53426/Call-in%20Procedure.pdf>

3.4.2.7 In some authorities, the requirements on who can and cannot exercise a call-in acts as a “de facto” bar to call-in being exercised at all. For example, a council’s constitution may require that three councillors on a given committee must request a call-in where the maximum number of opposition councillors on any committee is two, or may require that the chair of a committee “sign off” a call-in request, when all of those chairs are members of the majority party.

How does the process work?

3.4.2.8 The call-in process differs from authority to authority, but generally follows the following form:

- Members and the public are notified of the planned decision 28 days before it is made;
- The decision is submitted to the decision-maker; this submission, made by an officer, is sometimes placed on public deposit at this point;
- The decision is made by the decision-maker, who in the case of an executive decision may be a Cabinet member or the whole Executive;
- Notification is sent to the chair of the relevant overview and scrutiny committee (and sometimes to a wider group of members) that the decision has been made, usually within two days of the decision being made, advising of the timescale for the exercise of the call-in powers. There are usually five clear working days between the notification and the implementation of the decision. The implementation of the decision is essentially automatic, and no further notification needs to be given before it goes into effect;
- A request for a call-in is made, in accordance with the council’s local rules of procedure. The Monitoring Officer may determine that a request is invalid – for example if it does not have the correct number of signatures;
- If a valid request for a call-in is received, a meeting of the relevant overview and scrutiny committee is convened. There is usually a time limit for this;
- The meeting takes place. The committee takes evidence and decides on what action to take. They may agree that the decision may be implemented, or they may recommend that it be changed, or that it be withdrawn entirely;
- The executive responds. An executive meeting will be convened to decide how to formally respond to scrutiny’s recommendations. If the executive decides to continue to implement, there is no further right of delay. If it decides to withdraw the decision and place it back on the Forward Plan subject to resubmission at a later date, on this subsequent occasion councillors will still have the right to request a call-in.

What will happen at the meeting?

3.4.2.9 Different councils take different approaches to their management of call-in meetings. Many have protocols to define how call-ins will be carried out.

3.4.2.10 Call-ins can be discussed at an ordinary committee meeting, but given the timescales involved it is more common for a special meeting to be called. It is usual for the Executive member and the chief officer for the service involved to be invited to give evidence. However, it is at the discretion of the Chair how the meeting is run, and he/she may invite others to give evidence. This might include other council officers, members of the public directly affected by the decision or representatives of partner organisations. 3.4.2.11

There will also be variance in the information provided to members in advance of the meeting. Often, councils make the decision notice and the report underpinning the decision available. It is not common for wider evidence-gathering activities to be undertaken – there is usually no time to do so. While timing will be a significant constraint, ensuring that the panel have access to a carefully selected amount of relevant information, and early discussion between the chair and other members of the panel, will help to manage the session better.

3.4.2.12 At the end of the meeting, two approaches can be taken to reach a conclusion:

- The Chair and the committee can withdraw briefly to consider their recommendations in private. This can be a useful approach if the Chair feels that the committee might want to make narrative recommendations other than that the decision should or should not be implemented;
- A vote can be taken immediately to decide whether the committee wish to recommend that the decision should be implemented or not.

3.4.2.13 Opinion about the general value of call-in is very mixed across councillors and officers around the country. Views have been expressed that it is too open to “abuse” for “party political reasons”, although a call-in driven by party politics could still be perfectly valid and reasonable. Councils with strong pre-decision scrutiny may consider call-in to be less vital.

4. Using evidence and gaining expertise

4.0.0.1 There is a lot of evidence and information available that scrutiny can and should apply to its work. Scrutiny should always be informed by evidence. However, evidence will always be subjected to competing interpretations – influenced by the subjective perspectives of those interpreting it, and by the way it is “triangulated” with other sources of information.

4.0.0.2 The task of scrutiny lies in understanding what evidence does and doesn’t tell us about how local people experience the support that councils and their partners provide; it is about teasing truths out of these perspectives and building policy solutions to match.

4.0.0.3 There will always be challenges attached to this work. In brief, these include:

- Challenges in getting hold of information in the first place. Councillors sitting on scrutiny committees have enhanced information rights, under Regulations – including some rights to access information which might be classified as commercially confidential. Particular challenges, however, can apply when trying to access information held by partners (which we address in section 4.1.2, and which the guidance covers in paragraph 45 onwards).
- Being buried in a morass of information, and feeling that scrutiny has to look at everything – which is covered in section 4.1
- Not duplicating work carried out by others. The executive, senior officers and others will also be overseeing services and intervening to bring about improvements where necessary.

4.1 Keeping a watching brief

4.1.0.1 In commenting on work programming, role and prioritisation we noted the importance of maintaining a watching brief on the local area, and how local people experience – and influence – the services delivered to them by public bodies and others. The guidance makes specific reference to members’ ability to access a digest of information about the area.

4.1.0.2 This feeds directly into work programming, as evidence and information allows scrutiny to make informed judgements on what it should be looking at.

4.1.0.3 There are a large number of sources of information to which scrutiny has access.

4.1.1 Principal sources of information: from within the council

4.1.1.1 Where councils undertake pre-decision scrutiny in particular (see section 3.3.0.1 above) the Forward Plan (or “schedule of key decisions”) will be a crucial document. Other key sources of corporate information might include:

- The Council Plan – will take different forms but should clear set-out the priorities and outcomes the council (and possibly with partners) is seeking to achieve for the place. This will be supported by supporting strategies (partnership, departmental, cross-organisational. These should be based on background evidence, which you should also be able to access;
- Partnership plans and strategies. Partnerships – like Community Safety Partnerships and Local Enterprise Partnership will have plans and strategies to direct their work. There should be background evidence for these documents too;
- The council’s overall budget and policy framework;
- The medium term financial strategy (MTFS), which sets out a rolling three year picture of the future of the council’s finances;
- Quarterly performance reports. Departments of the council and their partners will normally produce quarterly scorecards and reports which will provide a snapshot of current performance;
- Quarterly finance figures. These will explain how the council is spending according to projections, and will give a good idea of unexpected expenditure, and issues which may lead to overspends and underspends at the end of the year;
- Risk registers. The council should have a clear idea of what the risks are in the implementation of major policies, and in the ordinary day-to-day delivery of services. Analysis of risk registers on an ongoing basis will mean that scrutiny can understand what the impacts might be if risks are likely to occur, and what steps can be taken to mitigate. The council’s internal audit function also has a role to play in overseeing the management of risk;
- Complaints digests/information. Looking at complaints against the council in general (ie, not analysing specific, individual complaints, but looking at major themes and issues) may give a good idea about where problems might lie
- Internal improvement plans. From time to time the authority will identify problems or issues with its own services. This may be as a result of internal reviews – either carried out by the council’s own officers or by external consultants – and may result in operational action plans to bring about improvements.
- External improvement plans and activities. The LGA carries out corporate improvement work with councils including corporate peer challenges – reports from these might be useful. Formal inspection of some council services are carried out by bodies like Ofsted and CQC.
- The Council’s own research and insight. To support the development of departmental, council or partnership programmes, councils will carry out research and analysis – sometimes procured from external organisations.
- Information from benchmarking clubs. Many councils voluntarily share performance information with others to help with improvement and mutual learning; CIPFA provides some

of this support, as does the LGA. Many also share information more widely using the LG Inform system (<http://lginform.local.gov.uk/>).

- Information from ombudsman investigations.

4.1.1.2 Less formal, but no less useful, forms of information are available corporately which will help you to do your work.

- Feedback from consultations / residents panels. The council will periodically consult with local people on major decisions; the council may also organise a residents' panel, which it will survey for their opinions on key local issues;
- Feedback from frontline staff. There will be formal, or informal, ways for middle and senior managers to get feedback from frontline staff about the service they deliver. Getting hold of this information can be valuable for scrutiny.

4.1.2 Principal sources of information: from elsewhere

4.1.2.1 Beyond the council, information can be accessed from a range of sources. Partners will hold management information of the type mentioned in 4.1.1 above. The public will also have insights into local issues. Regular reference to public debate and discussions – wherever they happen – ought to be a feature of scrutiny's "watching brief". In section 4.4 on the voice of the public, we mention the proactive use of social media and monitoring of things like Facebook groups.

4.1.2.2 The guidance makes reference to steps that authorities can take in attempting to access information held by partners (paragraph 46, p19 onwards)

4.1.3 An information digest

4.1.3.1 The way that members use information needs careful thought. In many councils, a number of the sources of information we have highlighted in sections 4.1.1 and 4.1.2 would be reported to committee on a regular basis as a matter of course. This is not especially productive. Reporting information to note, or for general comment, is not especially productive for two main reasons:

1. It makes triangulation between evidence sources more challenging, and hence makes it less likely that information will be used as a source of evidence for other scrutiny work.
2. By the time such data reaches committee, it is likely already to be out of date. This is particularly the case where data is reported to committees which meet quarterly.

4.1.3.2 For this reason we suggest that, instead of using committee as a clearing house for this information, members instead receive it more regularly, and informally, by way of an information digest, as highlighted in the guidance at paragraph 40. It is more useful to think of these various different kinds of corporate evidence sources as background information, to which scrutiny members have regular access, and which they can use to drive and inform their wider work.

4.1.3.3 Having a digest of information, to which members have regular access, can help to manage both this issue, and the risk of councillors becoming bombarded with a morass of data which they cannot work through quickly and easily. What this digest contains would depend on scrutiny's overall role. For some, performance, finance and risk data might form the core of such a digest. For some, the net will go wider. The critical thing is to use this information to identify those issues which may require further in-depth investigation.

4.1.3.4 In addition, there may be information available in online management information systems, updated in real time by officers. The benefit that this brings is that it allows members to look at raw data, making their own links between performance issues, and identifying connections

(based on their unique perspective as elected representatives, and given the detailed knowledge they will have of their wards) which officers may have missed. However, this relies on members having the confidence and skills to access and use this information, and also on ways in which to feed members' views through the scrutiny process itself.

- 4.1.3.5 Encouraging members to access the same management information as senior officers means that they can independently decide which issues they think are sufficiently important to raise at scrutiny. An approach based exclusively on officer reports in effect makes this judgment one for officers alone.

4.1.4 Triangulation

- 4.1.4.1 Using evidence effectively means triangulating it. This means looking at it alongside other sources of data, to see what themes emerge (and whether different evidence sources disagree about services being provided on the ground).
- 4.1.4.2 For example, you might triangulate customer complaints data with performance information, finance information and risk registers, to take a comprehensive view of the performance of a given service. While performance information may suggest that all targets are being met, the service may be overspending and complaints data may demonstrate that the public are unhappy with the level of service being provided; an issue which has not been identified in the risk register as needing action. Linking together information in this way allows judgments to be made about difficulties which can help to frame and focus solutions in a way that will be useful to officers delivering the service on the ground.

- 4.2.4.3 Triangulating evidence in this way is not a complex science but there are a number of issues to consider in doing so:

- How different sources of evidence will be weighed – not all evidence and information is of equal value. Some kind of complex, quasi-scientific weighing exercise is probably not required, but having a general sense of what should be afforded more attention, and less, is necessary;
- How much evidence is needed in order to come up with an accurate picture. There may be a tendency to seek out more and more information in order to establish the most “comprehensive” picture possible, but this may be resource intensive and add little to the evidence gathering process. Officers and members should discuss between them the most appropriate balance. The suggestion of an information digest, in section 4.1.3, is an attempt to manage this challenge.

4.2 Understanding enough to scope reviews

- 4.2.0.1 One of the principal challenges for any scrutineer is gaining a swift understanding of a topic being investigated. This is particular the case when a review, or inquiry, is being scoped (or planned).
- 4.2.0.2 Done properly scoping is a managed, swift process of initial research and design. But it can quickly become a process of detailed substantive research itself, and it can easily be unfocused and unproductive. Getting “up to speed” on a complex topic – enough to be able to tease out the right issues in the right way, and enough to be prepared to make recommendations and deliver outcomes which will make a real difference – is difficult.
- 4.2.0.3 There are two elements to this – members need to understand the strategic context (4.2.2) in which their work sits and the local issues (4.2.3) that make the issue particularly pertinent to residents. Some of this will have been sketched out during the work programming process, but scoping provides an opportunity to dig further into the issues and better understand them.
- 4.2.0.4 A necessary prerequisite is both of these elements is member ownership – members having

the confidence and ability to understand the strategic context and local implications. This relates to councillors' skills and capabilities, which we cover in section 6.2.1

4.2.1 A process for scoping

4.2.1.1 Unless planned properly scoping can be a lengthy exercise. A good scope sets out:

- The topic of the review, and an explanation for why the topic is being framed in the way it is – including a reference back to scrutiny's overall role;
- The objectives of the review and its expected impacts and outcomes;
- The strategic context;
- The overall method (and why it's the right method for this topic at this time);
- The key individuals and groups involved, and how they will be involved;
- Other key sources of research which will be used, how they will be analysed, by whom and when;
- The timescale for the review – when meetings will happen, where, and who will be involved;
- A communications plan relating to all the above;
- A statement of the resources which will be necessary to deliver the above. We cover resources in more detail in section 6.3.

4.2.2 Member ownership

4.2.2.1 Members direct and own the scrutiny process, and this goes for scoping as well. In some councils scoping is primarily led by officers, who will carry out background research and deliver a scope to members for approval; the need for member ownership demands a more proactive approach from councillors.

4.2.2.2 Scoping will involve the selection of members to undertake a review. In general:

- Membership should be defined and agreed by the group's parent committee;
- The parent committee should also decide on who should chair;
- While party whips may nominate members to sit on groups, the ultimate decision rests with the committee and the committee chair;
- As far as possible, membership should loosely reflect the political proportionality of the authority (the only caveat being that attempts are usually made to involve smaller parties where they otherwise would not be entitled to a seat);
- Members (and even the chair) need not be drawn exclusively from the group's parent committee – any member can be nominated to participate;
- Decision-making in the group (deciding on the wording of a final report, deciding on recommendations) should be undertaken through consensus rather than through a vote, given the fact that the membership may not directly reflect political proportionality.

4.2.3 Getting to grips with the strategic context

4.2.3.1 Councillors and the officers supporting a review need to start by understanding the strategic context within which the council operates. This is about:

- National policy. Understanding the constraints within which the council and its partners

operate is important; this can also, for certain subjects, incorporate academic research (with which a technical adviser might be able to help) and research from local government thinktanks;

- The council's position amongst its partnerships, and the collaborative context. Across the "place", professionals beyond the council will work together to deliver services and manage issues that affect local people;
- The strategic, governing documents that direct the council's action. Some of this information is highlighted in 4.1.1 above – departmental or corporate plans that provide a framework for the council's activity in a given area.

Sources of information on national policy

There will be professional associations, think tanks and other bodies who will carry out research and hold information on substantive policy issues.

There are particular organisations who can be a particularly useful source of information on matters relating to local government and local services in general. These are:

- The Local Government Association (LGA). The LGA is the membership body for local councils in England and carries out policy and best practice research on a range of issues. The LGA has a research and information team specifically tasked with gathering data on local government activity and performance, and operates a system called LG Inform which can provide comparative data on key service metrics.
- The Chartered Institute of Public Finance and Accountancy (CIPFA). CIPFA is a membership body for public sector finance professionals. All s151 officers and many other local government finance professionals are members. Councils can also hold institutional membership of a large range of subscription-based advisory networks, which provide additional support, research and support on local finance issues. CIPFA also provides "nearest neighbour" benchmarking services, and a range of other data and analytics services, for its members.
- The Society of Local Authority Chief Executives (SOLACE) is a membership body for senior local government leaders. It carries out policy research and makes comment on a range of local government policy and improvement matters.
- The Local Government Information Unit (LGIU) and the New Local Government Network (NLGN) are membership bodies to which individual councils may subscribe. They provide briefings on emerging areas of policy and detailed research on a range of matters relating to local services.
- Localis, IPPR, Demos, IFS and Reform are a selection of think tanks who occasionally or regularly carry out research on matters relating to local government.
- The Institute for Government carries out research on the machinery of national government and the civil service which may be useful in understanding how national policy which affects local issues is developed and implemented.
- Parliamentary resources – select committee reports, House of Commons Library research briefings, research carried out by the National Audit Office and so on;

In reading research carried out by think tanks it is worth reflecting on the political affiliation and funding arrangements of the organisation in question. Some thinktanks avowedly approach public policy issues from a particular political standpoint. Some have opaque funding arrangements which could be seen as casting doubt on the independence of their research. Triangulation of this research with other information is therefore important.

CfPS provides a helpdesk function for councils and councillors on matters relating to scrutiny. We can signpost you to further resources and information that might be helpful as you scope and design reviews.

4.2.3.2 Strategy may seem esoteric but it is vital in ensuring that recommendations – when they come – are couched in practicality. Strategic challenges may also provide a barrier to the effective implementation on policy – a critical matter for scrutiny.

4.2.3.3 The effectiveness of strategy can be evaluated using a variety of mechanisms:

- SWOT analysis – considering the strengths, weaknesses, opportunities and threats relating to the council (and its partners’) approach to an issue and seeing if this is reflected in strategy;
- Testing / triangulating it against the strategies and plans of other partners, to identify alignments and areas of divergence;
- Triangulating it against the views of local people (see 4.2.3).

4.2.4 Understanding the issues on the ground: user-centred design

4.2.4.1 How local people are affected by the issue under study will have an influence over how a review is scoped.

4.2.4.1 This is primarily an issue of framing. Some of the most powerful scrutiny is that which is carried out on the basis of local people’s experiences – and which is framed accordingly. This means that the topic is not being looked at from the same, institutional perspective that council officers may be used to – raising the opportunity to effect real change.

4.2.4.2 Getting an understanding of this perspective is not necessarily difficult. It may be that advocacy groups, and other groups (such as community groups) who have a representative role of sorts can be engaged with in planning – for example, tenants and residents associations. Some of these people could take an active part in the review itself by way of technical advice or co-option (see section 4.2.4). Service users will be an extremely useful source of information and introductions can be effected, or mediated, through service departments – or directly through local groups. Scrutineers will get a partial view of the issues through these individual conversations but these personal testimonies can serve to bring a topic alive and suggest opportunities for more detailed research.

4.2.4.3 Sharing power within the scrutiny process with local people – through providing them with a voice in scoping, and through co-designing work which is centred on their needs and driven by their aspirations – can be a powerful way of demonstrating scrutiny’s sincerity in understanding local people. It can particularly help to demonstrate good faith to marginalised individuals or groups who might otherwise be suspicious or cynical about councillors’ intentions in wanting to work with them.

4.2.4.4 Such approaches can be resource intensive. They will not be appropriate, or necessary, in all cases.

4.2.5 Technical advice and co-option

4.2.5.1 Many councils appoint co-optees – members of the public with a particular expertise or interest – onto review groups. Appointment of co-optees in this way tends to be more effective than their appointment to sit on a committee, because a task group is not open-ended and has a defined purpose, enabling individuals to be chosen for a specific purpose. Some councils maintain a “co-optee pool” of local experts for this purpose.

While members and their support officers will often have significant local insight and an understanding of local people and their needs, the provision of outside expertise can be invaluable.

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 35, p16

Kirklees: volunteer co-option

Kirklees Councils carries out periodic recruitment exercises for volunteer co-optees. Co-optees sit on scrutiny panels and participate in the production of scrutiny reports.

4.2.5.2 The selection of co-optees is a delicate exercise. People need to be involved who have a specialism and expertise, but not people who might be closed-minded, or who would seek to push a particular viewpoint to councillors irrespective of the evidence gathered. People might be involved as co-optees where they add to the diversity of the review group, bringing insights and perspectives that councillors, on their own, cannot.

4.2.5.3 Technical advice can also be secured. A technical adviser provides support to a review group from an officer perspective, rather than sitting as a member of the group itself. Sometimes the line between “technical adviser” and “co-optee” can be rather blurred, which is why it is important to set out expectations and roles beforehand.

4.2.5.4 Information on statutory co-option (in the case of education co-optees, who must be appointed to certain scrutiny committees further to legislation) can be found at section xxxxx.

4.3 Gathering evidence to support reviews

4.3.0.1 Evidence to support scrutiny reviews is likely to come from a wide variety of sources.- many will be those highlighted in sections 4.1.1 and 4.1.2 above.

4.3.0.2 The guidance covers evidence sessions, and suggests ways to prepare and manage these sessions. It emphasises that the principles around evidence gathering apply equally to individual agenda items as to longer scrutiny reviews.

Effective planning does not necessarily involve a large number of pre-meetings, the development of complex scopes or the drafting of questioning plans. It is more often about setting overall objectives and then considering what type of questions (and the way in which they are asked) can best elicit the information the committee is seeking.

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 59, p25

4.3.0.3 Scrutiny can also gather evidence by

- Holding focus groups or workshops or survey users of a service or people affected by a particular issue. It may be that these workshops and groups can be designed and facilitated by local people themselves – local people are likely to have ideas about gathering evidence from their peers which may well be more sophisticated than those of professional officers. We cover this in more detail in section 4.4;
- Going on site visits (a good opportunity to understand issues “in situ”);
- Chairing discussions amongst experts – a “roundtable” exercise, bringing together local experts, can be an action-focused way of gathering evidence;
- In-depth review of written evidence and information – this may come from a variety of different sources, which should have been identified through the scoping exercise.

Further resources on gathering information from the public and other external sources can be found at section 4.4.3

4.3.1 Scope creep

4.3.1.1 As evidence is gathered it may provoke thought about issues which might not have been considered during the scoping exercise. It can encourage scrutineers to begin to depart from the scope – pursuing issues which may not have been properly envisaged.

4.3.1.2 Good scoping should limit the risk of this happening, but if it does the following questions might be borne in mind:

- Does the change in scope fundamentally change the nature of the work? A substantial shift in topic and objective is likely to be difficult to justify unless there were significant flaws in the scoping process;
- Would a change in methods still deliver the objectives anticipated – or deliver those objectives better? This may be justified – but again, good scoping can avoid method deficiencies;
- If the change is driven by political needs, what confidence do we have those issues will not continue once a change is made? Political difficulties can lead to work being frustrated.

4.3.1.3 By rights, a substantive non-trivial change to the scope will require reference back to the committee commissioning the work. Such proposals for changes should be recognised and the formal steps for change should be adhered to, in order to ensure accountability to the public body which has initiated the work in the first place.

4.4 The voice of the public

4.4.0.1 Listening to and giving voice to the public is central to scrutiny’s effectiveness. In section 2.3.1 we talked about giving the public an active stake in the scrutiny process – this section goes into more detail about what this might look like in practice.

4.4.1 The public’s needs

4.4.1.1 “The public” is not a monolithic group whose members can all be “engaged” in the same way. The various models and methods discussed in this section have to be thought about, and deployed, in the context of local people’s specific needs – as individuals, and as part of groups.

- 4.4.1.2 Some people may feel comfortable with formal, public meetings. Some may find these events highly alienating. Some people may face barriers in attending meetings, formal or not – not wanting to share their views in a public setting, caring responsibilities, language difficulties, difficulties with physical accessibility or simply a lack of confidence or disengagement from the political process which makes them disinclined to get involved.
- 4.4.1.3 People may feel that their personal experiences and testimony will be belittled by “professionals” and “experts” in whom they have limited trust, particularly if they have had poor experiences in the past.
- 4.4.1.4 Planning the engagement of people with these, and other, complex needs is not about somehow dumbing down the approach to scrutiny to make it more “accessible” in the views of officers and councillors. Members of the public can understand the nuances of the trade-offs that the council has to make in how it plans and delivers services, and can bring a significant degree of sophistication to any topic by speaking about their personal experiences in a way that is self-aware and reflective. They need to be trusted to be ceded the space, and the power, to speak on their own terms – councils, councillors and officers need the humility to listen and understand.
- 4.4.1.5 This suggests public involvement in the design and selection of the various methods that exist for “public involvement”. It may increase the effort required in the short term but it is likely to pay off.

4.4.2 Public attendance at scrutiny meetings

- 4.4.2.1 Scrutiny meetings can often be poorly attended by members of the public, although agenda items on particularly contentious topics can result in more people attending. Where this happens, it may need to be anticipated and logistical steps put in place to handle it – how large numbers of attendees will be physically accommodated, ensuring that the venue is accessible (including possibly choosing a venue other than the usual council offices).
- 4.4.2.2 By law, the council is obliged to make appropriate space available for the public to attend and observe, and it goes without saying that meeting rooms should be laid out with this in mind. Setups involving councillors and other participants sitting around a conference table with a large space in the middle of it, while a makeshift “public gallery” is formed of a half dozen chairs crammed into the corner of the room, is unlikely to present an especially welcoming environment, even if it does satisfy legal requirements.
- 4.4.2.3 Where people sit makes an important difference to public understanding of the scrutiny role. Who chairs the meeting, who the committee members are, who the officers are (and what their roles are) and who else may be in attendance may not be obvious to observers. Nameplates will help.
- 4.4.2.4 Research exists on the variety of ways that exist for rooms to be laid out.

Dr Dave McKenna has carried out research on effective room layouts for local government meetings, some outcomes of which can be found at <https://medium.com/local-democracy/how-to-design-the-perfect-council-committee-meeting-with-lego-63c919872d81>

- 4.4.2.5 Filming and recording is permitted in council meetings (Government guidance can be found at <https://www.gov.uk/government/publications/open-and-accountable-local-government-plain-english-guide>); facilities have to be provided to ensure that those filming can do so in a way that makes their work easier. People attending public, formal meetings can have no expectation

of privacy and so cannot stop filming or recording happening; if topics or witnesses require particular sensitivity it is best considered how evidence might be taken in a different way – through use of Part II or by convening meetings in a different way.

4.4.2.6 Many councils also webcast, and webcasting can bring a committee’s work to a wider audience. Councillors and others may want to comment on social media when a meeting is under way – council may want to live-tweet meetings.

4.4.2.7 Councils differ significantly in how they “manage” the input of the public at meetings. For formal committee meetings, the norm is to allow no public input whatsoever. Some councils have a defined timeslot for public questions, but this is for questions to be put to the committee, rather than to council decision-makers. The public can end up leaving such meetings frustrated and disengaged, as committee members are often ill-equipped to answer substantive questions. It is probably more worthwhile to take a more targeted approach. “Formal” spaces like this are often a poor place for the voice of the public to express itself in an unmediated form.

4.4.3 Other public meetings, and meetings involving the public

4.4.3.1 More informal public meetings – specifically designed to incorporate and involve the public – can be more welcoming to local people than formal committee meetings. A more open and flexible environment allows people to talk about their issues and concerns in a way that suits them, rather than suiting the formal requirements of the council.

4.4.3.2 Public meetings can still feel “owned” by the council. With the best of intentions it can be possible to “design” a public meeting with the objectives of a scrutiny review foremost in the mind, to “manage” contributions and to channel contributions in a way that makes the event feel safer and more predictable for those in charge, but frustrating for members of the public themselves, who may feel that the way that the meeting is organised and structured doesn’t make it a “public” meeting at all.

4.4.3.3 Public meetings may be appropriate for discussion of universal services (visible services, such as those relating to the environment, culture and so on). Where other services – social care, children’s services – are under discussion, their use can be more challenging. However, the opportunity for people affected by those services to share their testimony and experiences can be valuable and cathartic. Likely participants should therefore be engaged at the planning stage so they can direct how such meetings are managed.

4.4.4 More “informal” evidence gathering

4.4.4.1 A wealth of material exists online about the various other approaches that can yield results, rather than just large meetings. More traditional approaches – surveys, focus groups – can still be useful if properly designed.

A range of resources on engaging, involving and empowering local people can be found at:

- The LGA’s website: <https://www.local.gov.uk/topics/devolution/engaging-citizens-devolution/how-can-local-government-engage-communities>

5. Making and proving impact

- The charity Involve, whose guide “Public engagement: not just about the public” is a useful primer: <https://www.involve.org.uk/sites/default/files/field/attachemnt/Public-engagement-not-just-about-the-public.pdf>

5.0.0.1 Scrutiny’s purpose is to have an impact and this guidance outlines the many different elements involved in securing success. Key to this are two elements:

- Making effective, high quality recommendations;
- Understanding how those recommendations make a difference to local people’s lives.

5.0.0.2 Both issues reflect back on scrutiny’s role, and how it prioritises its work. Vagueness in those areas means that scrutiny is more or less guaranteed to be of low impact and effect.

5.1 Recommendations

5.1.0.1 Recommendations are the way that scrutiny can have an impact. Making good recommendations, and monitoring them, makes it more likely that scrutiny’s work will add value.

5.1.0.2 The guidance emphasises that the process for the development of recommendations should be iterative, and that it should be led by scrutiny members – the guidance also sets out a three stage iteration process for the refinement of recommendations.

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

- The development of a “heads of report” – a document setting out general findings that members can then discuss as they consider the overall structure and focus of the report and its recommendations;
- The development of those findings, which will set out some areas on which recommendations might be made; and
- The drafting of the full report

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 66, p26

5.1.0.3 We should note that it is not common for councils to describe their drafting approach in the way described above. It is quite common, for example, for steps i) and ii) to be conjoined. Most will follow a process that broadly reflects it even where it might be managed and structured slightly differently.

5.1.0.4 Scrutiny’s engagement in an issue should always be with recommendations in mind. Inquiring into an issue formally only to “note” it is not an effective use of time or resources.

5.1.0.5 The likelihood of making a recommendation that will “stick” will influence the decision of whether to put that issue on the work programme.

5.1.0.6 Ultimately, this is underpinned by having a clear idea about the return on investment of the work you are undertaking. CfPS has developed a model for establishing the return on investment of scrutiny work which starts with effective topic selection (including effective prioritisation of topics), and moving through the way in which the public and wider

stakeholders are engaged in designing the review, to the end result of producing a piece of work with clear, measurable and meaningful outcomes. More information can be found at https://www.cfps.org.uk/wp-content/uploads/cfps___social_return_on_investment.pdf

5.1.0.7 The report drafting process is a member-driven process – but drafting itself is likely to be carried out by officers. To manage this, the guidance suggests a three stage process that is intended to put members in the driving seat.

5.1.1 Recommendations – the “heads of report”

5.1.1.1 While few councils use a “heads of report” stage for their work, the guidance suggests it, and it is common practice in Parliament.

5.1.1.2 The “heads of report” are the key findings that will be used to formulate recommendations. They will incorporate key sources of evidence; the heads will also identify points of contention and how they might be resolved.

5.1.1.3 The heads of report will also set out the areas in which recommendations might be made, and in a broad sense what those recommendations might be.

5.1.1.4 The purpose of this document is to ensure member ownership of the overall findings and recommendations before significant work has been done to flesh out a report.

5.1.2 Recommendations – draft report

5.1.2.1 This is the first stage at which recommendations themselves are likely to be developed.

5.1.2.2 There is no single “best” approach to making recommendations. What they look like will differ from topic to topic and from council to council, However, there are some basic general principles.

- Recommendations should have a clear focus on outcomes “on the ground”. They should focus on a measurable change in a service, which you can use to establish the return on investment of scrutiny’s input. For example, a specific increase in resident satisfaction, a reduction in housing rent arrears, a reduction in the number of instances of anti-social behaviour in a town centre, and so on. You will be looking to identify the “payback” from scrutiny’s work – who benefits, and when? This will require you to make some assumptions about the past, present and future, but the more evidence you have the easier this will be;
- Recommendations should be evidence-based, specific and realistic enough to be implemented. Many of the other points we make below are implicit in this central requirement.
- Recommendations should be addressed to a specific person or group. Where responsibility for delivering a recommendation’s outcome is unclear, it makes it less likely that it will be implemented;
- Recommendations should engage with financial realities – for example, where a recommendation involves additional expenditure, it may increase the force of the recommendation if funding sources can be recognised. However, it should not be required for scrutiny to fully cost all of its recommendations; this is an issue for the executive. Return on investment might be a useful tool;
- Recommendations should be developed in partnership. You should be prepared to speak to the executive, to senior officers and to partners about recommendations in draft, before they have been agreed. Provided it is accepted that the decision as to what recommendations are submitted remains at the absolute discretion of scrutiny councillors, such discussions can help to ensure that recommendations are more robust and realistic.

- 5.1.2.3 Open-ended recommendations, where acceptance does not actually commit decision-makers to further action, should be avoided. For example, recommendations beginning, “The executive should consider...” or “The executive should investigate further...”
- 5.1.2.4 At this stage, once councillors have agreed a draft report the recommendations can be shared with the executive, and others to whom those recommendations are addressed. This should be to check factual accuracy rather than to invite substantive comment. The executive may wish to provide advice on how recommendations can be drafted and refined to maximise their impact, but the decision how to proceed should always rest with scrutiny.
- 5.1.2.5 Ensuring impact from scrutiny work hinges on making recommendations which are accepted by the executive, and which go on to be implemented. This will involve liaison and dialogue over work being carried out, and recommendations being prepared. The drafting stage is likely to be the best opportunity for this to happen – before formal signoff of a report and when changes can still be made which increase the opportunity for impact to happen. Formally, liaison will be between the relevant executive member (or possibly the Leader) and the relevant scrutiny chair, but in practice it may sit in the context of ongoing discussions between the relevant Head of Service/chief officer and the scrutiny officer responsible for the work.
- 5.1.2.6 It does not mean that the executive and scrutiny need to operate “hand in glove”. But liaison will need to happen, and it will include:

For scrutiny reviews

- Ensuring that the executive’s viewpoint is fully understood and reflected in scrutiny review reports;
- Sharing key findings with the executive before scrutiny reports are prepared;
- Talking to the executive about likely recommendations will be framed and drafted (and possibly sharing them in draft);
- Liaising with the executive over how success in implementing recommendations will be judged (and agreeing timescales).

For committee meetings

- When members of the executive and/or senior officers are asked to attend, being clear what the aims and objectives are of the session (including clarity over the content of any reports and presentations);
- Discussion beforehand over who should attend to give evidence;
- Trying to discuss beforehand what recommendations the committee might make on the day, and how the executive might respond to them.

5.1.2.7 These issues are addressed in more detail in the section on impact, section 6 below.

5.1.3 Recommendations – final report and the executive response

Recommendations should be evidence based and SMART, ie specific, measurable, achievable, relevant and timed. Where appropriate, committees may wish to consider sharing [recommendations] in draft with interested parties.

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

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 67-68, p26

- 5.1.3.1 The review may have gathered a significant amount of evidence and it is probably necessary that this should be published in some form – but the report itself should focus on the outcomes that scrutiny wants to see, with evidence presented to support those conclusions.
- 5.1.3.2 The council - Generally recommendations should be addressed to members of the executive or the executive as a whole; where scrutiny operates in a committee system authority it will be to the relevant committee, and in a mayoral authority it will be to the executive Mayor.
- 5.1.3.3 Recommendations addressed to the council should relate directly to matters on which they can take direct action, either individually or in partnership with others. Recommendations should not be made that require the council to “lobby” others (including central Government). Where this might be thought necessary scrutiny should take the necessary steps to submit a recommendation directly to the proposed subject of such lobbying.
- 5.1.3.4 The council’s partners - Where a “partner” (under the terms of the 2007 Act) is being asked to respond to a recommendation, scrutiny should speak to the relevant organisation to find out:
- To whom the recommendation should be addressed;
 - Whether there are business planning issues of which scrutiny should be aware that require the recommendation to be framed in a certain way (even if the partner has agreed to the terms of the recommendation).

Responses

- 5.1.3.5 The executive has to respond to recommendations within two months of them being made. It is usual that after agreement at a scrutiny committee, recommendations are submitted to the executive. It is not unrealistic to expect that a substantive response will be provided at this stage, but practice will vary from council to council.
- 5.1.3.6 The position with scrutiny’s recommendations to partners can be more complicated. Partners are, in general, not obliged to respond, but prior liaison will make the risk of this happening less likely.
- 5.1.3.7 A response to a recommendation from a decision-maker should consist of:
- A clear commitment to delivering the measure of success (see above) within the timescale set out;
 - A commitment to be held to account on that delivery in six months or a year’s time (see below);
 - Where it is not proposed that a recommendation be accepted, the provision of detailed, substantive reasons why not.
- 5.1.3.8 It may be that arrangements for responses to recommendations forms part of an executive-scrutiny protocol.

5.1.4 Monitoring recommendations

- 5.1.4.1 The monitoring of recommendations can easily become an industry. Where recommendations are effectively drafted and sufficiently clear, the executive should be able to collect data that clearly demonstrates whether a recommendation has or has not been successfully implemented.
- 5.1.4.2 At some point, you have to stop monitoring recommendations. Usually this will be after six months or a year. Continued oversight on the issue in question then reverts to the standard “watching brief” that scrutiny holds over all services (see section xxx).
- 5.1.4.3 It should not be necessary to bring recommendation monitoring to committee. However, where recommendations have not been implemented, it may be appropriate to hold the Executive Member to account in a public forum to understand why not.

5.2 Demonstrating impact more generally, and improving scrutiny itself

- 5.2.0.1 Demonstrating impact is about being prepared to understand scrutiny’s effectiveness, and to improve it where necessary.

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

Creating a strong organisational culture supports scrutiny work that can add real value [...] in contrast, low levels of support for and engagement with the scrutiny function often lead to poor quality and ill-focused work that serves to reinforce the perception that it is of little worth and relevance.

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 7, 9, p8

- 5.2.0.2 It’s not possible to set out a definitive description of what good scrutiny work looks like, but we can give some examples of it. There are some common factors:

- Good scrutiny tackles issues of direct relevance to local people;
- Good scrutiny tackles issues where, through the unique perspective of elected members, it can add the most value;
- Good scrutiny is informed by high quality evidence;
- Good scrutiny is about talking to a wide range of people, drawing them together and building consensus;
- Good scrutiny is about challenging the accepted ways of doing things and acting as a champion for developing a culture of improvement in the local area.

- 5.2.0.3 Generally speaking, work that does all of most of these things is likely to be having a positive impact.

- 5.2.0.4 Being able to demonstrate your impact is a multi-stage process.

1. Firstly, you need to develop ways to establish what impact your work has currently;
2. Then, you have to identify ways to maintain or improve that level of impact – being aware of the need to work with others to do so;

3. Finally, you need to implement those improvements.

5.2.0.5 CfPS's "self-evaluation framework" can assist in this task - <https://www.cfps.org.uk/wp-content/uploads/CfPS-Scrutiny-Evaluation-v2-SINGLE-PAGES.pdf>

The **scrutiny self-evaluation framework** is a tool that officers and members, even those with little previous knowledge or understanding of scrutiny and scrutiny good practice, can use to evaluate their approach. It provides a member-led mechanism for understanding practice, and putting in place realistic actions to improve.

5.2.0.6 For authorities which feel that they would benefit from external assurance for their scrutiny function, CfPS also offers a "scrutiny improvement review" (SIR). The SIR is designed to expand on the themes in the SEF, and engages fully with the themes of culture, role and responsibility highlighted in the guidance. It is overseen and carried out by CfPS staff and expert consultants.

Scrutiny improvement review (SIR)

The SIR is designed to complement and build on the SEF. Its method is looser and more flexible as it is carried out by external CfPS experts to focus on those specific issues identified by local officers and members. More information can be found at www.cfps.org.uk/sir

5.2.1 Establishing what impact your work has currently

5.2.1.1 This can be difficult. We have set out some of the challenges and issues in a blogseries published in 2017. Some of the principal issues are:

- The act of scrutiny is itself of value – shining a light onto policy making and decision-making can itself lead to improvements in the quality of decision-making without you being aware that these have occurred. Deciding what things you do and don't look at involves an element of risk, too – at the beginning of a piece of work its final impact can be difficult to discern. But the more planning you do at the outset, the more confidence you can have that the work you do will make a difference.
- It is difficult to establish when something might have happened anyway, and when it happened because a scrutiny recommendation/investigation made it happen. In a number of instances the fact of a forthcoming scrutiny investigation will lead officers to review their own outcomes, systems and processes, and make changes as a result – this is "scrutiny having an impact" but is often something you'll only realise during informal discussions with the officers in question;
- Success in scrutiny depends on more than the assiduity and skill of the scrutineers involved. There can be a number of highly motivated scrutiny councillors, supported by some effective officers, carrying out high-quality work – but with a defensive executive and partners and obstructive senior officers, impact may be minimal;

5.2.1.2 Ways around these challenges may include:

- Looking at recommendations you make, and whether they are accepted and implemented
- Having a broader performance management system for scrutiny. Some councils have a performance scorecard for the scrutiny function. Care should be taken in the development of "KPIs for scrutiny", as measurement of processes rather than outcomes can lead to perverse

outcomes. Furthermore, the complex nature of the way that scrutiny makes an impact on the ground may make the use of KPIs less appropriate.

- Speaking to people inside, and outside, the council about work you've previously carried out. Going back and speaking to council managers, frontline staff and service users about work you've previously undertaken can often give you tangible examples of scrutiny's impact in a way that more formal management updates can't. Importantly, such discussions will help to disaggregate what might have happened anyway from the changes that scrutiny has been instrumental in bringing out – in effect, the things that would not have happened but for scrutiny's involvement.
- Looking at return on investment. The return on investment model can be a powerful one in establishing the “added value” that scrutiny brings to a topic.

5.2.2 Identifying and implementing ways to enhance impact

5.2.2.1 Once you have established what impact your work currently has, you can set out to enhance that impact. Conversations between members and officers, and others, will help to deliver change. The CfPS scrutiny self-evaluation framework provides more detail on these measures and reference our review support.

5.2.2.2 Any measures to change or augment the operation of overview and scrutiny should be led by scrutiny members themselves. It is not the role of the council's leadership or senior officers to unilaterally change scrutiny's methods of operation – although it is their responsibility to ensure that the structures and systems are in place to permit effective scrutiny to happen. In addition, the implementation of changes to scrutiny will require executive (and partner) buy-in. Positive change will usually require decision-makers to change their behaviour and attitudes towards scrutiny. This will be more important than any structural changes which might be agreed on. There needs to be a recognition that there is a collective responsibility to make scrutiny work.

5.2.2.3 Being able to articulate scrutiny's “value added” is important for a number of reasons – not least to justify the commitment of resources to the function, but also to contribute to the development of a culture where scrutiny is welcomed and encouraged (see section 1).

5.2.3 Securing agreement in a political environment

5.2.3.1 The process of enhancing scrutiny's impact (often carried out via a review of the scrutiny process) must be seen as a conversation between the executive and the scrutiny function. Scrutiny members should lead, in defining the function and their expectations of it, but the executive must work to ensure that it is doing all that it can to ensure that effective scrutiny can be carried out. This requires openness on the part of the executive, and a responsibility on all involved to be constructive and candid when considering scrutiny's impact on individual services, and the area as a whole. Political circumstances can make such candid discussions difficult, and as such, political factors need to be recognised and managed.

5.2.4 Accountability to full Council

5.2.4.1 In many authorities, the constitution (usually in the scrutiny rules of procedure) will incorporate a requirement for scrutiny to report periodically to full Council – often by way of an annual report, tabled by the chair of scrutiny (where applicable) and supported by the statutory scrutiny officer (again, where applicable).

5.2.4.2 Scrutiny is not, strictly speaking, “accountable” to full Council for its activities. The business of scrutiny is for scrutiny members to determine, so full Council has no role in (for example) determining the work programme or “clearing” or otherwise ratifying recommendations.

- 5.2.4.3 The relationship, and reporting process, should recognise this, but should also recognise that full Council still holds an interest in the work that scrutiny carries out.
- 5.2.4.4 Annual reports can provide, to full Council, this information and the assurance that scrutiny's work is effective and impactful. Annual reports vary significantly from council to council. For some they are narrative descriptions of scrutiny's activity, prepared specifically for full Council and drafted principally for readers internal to the council. In other places the opportunity is taken to use the annual reporting process to highlight where scrutiny has been able to make an impact, and/or as part of wider work to publicise scrutiny to the wider community. Which approach is taken depends on the role of scrutiny within the authority.
- 5.2.4.5 In addition to the submission of annual reports, individual scrutiny reports can be submitted to full Council.

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

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

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 11, p10

6. Committee structure, chairing and resourcing

- 6.0.0.1 There is no "right approach" to the structure of scrutiny committees. Some councils have a single one, others have many. Equally, there is no one right approach to chairing (including opposition chairing) or any agreement about what "adequate" resourcing of scrutiny looks like.

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

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

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

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 15-17, p13

6.1 Structures for scrutiny

6.1.0.1 There are many different models for committee structures. No one is “best”, and trying to compare the committee structures of different authorities in the hope that transposing those models to your own set of circumstances will, on its own, lead to failure.

6.1.0.2 Scrutiny’s structures are often a reflection of the culture in which scrutiny operates and the role which has been agreed for it. There are a few common models.

- Single committee which does all the work. More common in smaller authorities, this approach sees all scrutiny work happening in a single, formal space.
- Single committee commissioning task and finish group. Here, a committee provides co-ordination of a number of task and finish groups – the committee will usually also undertake its own substantive work
- Two committees dividing substantive topics between them (eg “people” and “places”)
- Two committees dividing issues between them differently (eg “policy development” and “performance”)
- Multiple committees (sometimes involving a corporate committee which “leads” the function, sometimes not)

6.1.0.3 Form should follow function, and it is only when members and officers have a clear sense of the role of scrutiny, its approach to work programming and impact, that the structure to support that work can be properly evaluated.

6.1.0.4 Further detail on committee structures can be found in CfPS’s regular scrutiny survey, usually published annually in late autumn.

6.2 Chairing and membership arrangements

6.2.0.1 Technically, chairing and membership is in the gift of full Council, and the Council AGM in May is the usual point at which decisions on this are made. In practice, this means that things are largely in the gift of the executive. Membership of committees must be politically proportionate, but chairing need not be, and a council’s leadership can entirely legally give all scrutiny committee chairships to majority party members. A number of councils make chairships available across party groups, proportionately, but there is no requirement to do so.

6.2.0.2 It has been suggested that Chairs could be selected by secret ballot – being elected by their peers at full Council.

6.2.1 Chairing: skills and capabilities

6.2.1.1 The guidance sets out some expectations around the skillset and capability of chairs, as well as ordinary committee members.

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

Authorities should not take into account a members’ perceived level of support for or opposition to a particular political party [...]

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

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 27-28, 30, p16

6.2.1.2 Councils might want to think further about how they articulate the qualities of a good chair, and how they can provide assurance that the attributes mentioned in the guidance are being taken into account. .

6.2.1.3 Other members, as well as officers, have a responsibility to support and assist the chair. This is covered in more detail in 6.2.3 below.

6.2.2 Chairing: party politics and the use of the whip

6.2.2.1 Councillors sitting on scrutiny committees should not, at those committees, act in an overtly party political way. Scrutiny is meant to be a forum for the evidence-based discussion of issues affecting local people. This will involve discussion of politically contentious issues, which are likely to include disagreements, but these discussions shouldn't be framed by party political viewpoints.

6.2.2.2 Use of the party whip (sometimes known as "political management") is permitted in England.

6.2.2.3 Some councils in England use their constitutions to control the use of the whip but its informal nature and the fact that the council's Monitoring Officer is unlikely to know the detail of discussions at political group meetings may make these prohibitions difficult to enforce. The presence or threat of the whip being used as a disciplinary tool risks curtailing political debate and discussion and diminishing scrutiny's role as a neutral forum for meaningful discussion. It could also be seen as limiting the willingness of majority group members to challenge and hold to account their executive colleagues, or an undue focus by a minority group on political opposition rather than on the substance of scrutiny work.

6.2.3 Councillor membership

6.2.3.1 Membership of committees must be proportional to the political balance of the whole authority. Individual groups decide who they wish to nominate to sit on committees to fill the spaces available to them; membership is usually agreed at council AGM.

6.2.3.2 The guidance talks about the skills and capabilities, and other characteristics, of committee members, as mentioned above in respect of chairs at section xxx. It also mentions the importance of training and development.

Executive assistants

6.2.3.3 "Executive assistants" or "Portfolio holders' assistants" are councillors (usually in the majority party) who have been given an informal role by the council's executive to assist one or more members of the executive in carrying out their role. This role will sometimes be specified in the council's constitution but is not provided for in law. As such, decision-making powers held by members of the executive cannot be delegated to executive assistants, and executive assistants may take no formal part in decision-making.

6.2.3.4 As such, executive assistants can technically sit on scrutiny committees (members of the executive themselves are excluded).

Authorities are reminded that members of the executive cannot be members of a scrutiny committee. Authorities should take care to ensure that, as a minimum [our emphasis], members holding less formal executive positions, eg as Cabinet assistants, do not sit on scrutinising committees looking at portfolios to which those roles relate.

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 25, p15

6.2.3.5 We are not aware of any councils which, in their Constitution, specifically exclude executive assistants from sitting on overview and scrutiny committees, but in most instances their role is circumscribed, owing to the risk of a conflict of interest arising. This is likely to be far easier to determine with post-decision scrutiny, although the informal nature of the executive assistant role makes judgments even here difficult to make, requires subjective determination on the part of the person involved.

6.2.3.6 It is common, therefore, that in authorities where executive assistants exist and sit on scrutiny committees, they are assigned to sit on committees that do not reflect their portfolios.

Personal and family relationships

6.2.3.7 It is inevitable that members of scrutiny committees will have personal relationships with members of the executive – particularly in smaller councils and particularly where they are in the same political party. It is not uncommon for members of the same family to sit on councils and, under some circumstances, it is therefore possible that close relatives could find themselves sitting across the scrutiny table. The guidance mentions this risk in paragraphs 25 and 31.

6.2.3.8 Monitoring Officers will have to be alive to the risks, and perceptions, around how these relationships might interfere with the operation of scrutiny. It is impossible to hand down rules on this matter – what happens, and what works, will depend on determinations made at local level. But councillors should certainly be supported to understand how their personal relationships might influence their work on scrutiny – or might be perceived as influencing that work.

6.2.4 Co-option: statutory

6.2.4.1 There is a requirement, where a council is responsible for education functions in both England and Wales, for certain voting co-optees to be appointed to the relevant committee.

6.2.4.2 For most authorities, this will be two diocesan representatives (one Church of England or Church in Wales, one Catholic) and two parent governor representatives (one primary, one secondary, and both from maintained schools). Such co-optees have voting rights but they are not treated as opposition councillors for the purposes of political proportionality. As more schools (especially secondary schools) have academised, the role of the Parent Governor Representatives is becoming more uncertain. Areas without maintained primary, or secondary, schools will not need to appoint PGRs, as there will be no parent governors to act as an electorate. Provision does exist in the legislation for a change to the way that parent governor representation is expressed where there are few maintained schools in an area, but this change can only be applied by the Secretary of State.

6.2.4.3 Parent governor representatives are elected by all parent governors in the authority's areas. This election needs to be carried out by the authority wishing to co-opt them. Guidance was produced by Government in 2001 which provided further information on this, but this guidance appears no longer to be online.

6.2.5 Co-option: other

6.2.5.1 Council scrutiny functions have the opportunity to co-opt people from outside the council to sit either on scrutiny committees (as voting or non-voting co-optees), or on task and finish groups. Co-option to a committee requires that a council co-opt in accordance with a scheme established under s115 of the Local Government Act 2003.

6.2.5.2 There is no legal provision for co-option to task and finish groups, as T&F groups themselves are not mentioned in legislation. Task and finish groups may co-opt members without restriction. We highlighted opportunities around technical advisers or co-optees on task and finish groups in section xxx, but co-option onto formal committees is slightly different.

6.2.5.3 Most councils make provision in their constitution for the appointment of non-voting co-optees to scrutiny committees. Where an appointment is planned, arrangements for the selection of an appropriate person tend to involve an external organisation being asked to nominate one of their members, or a formal recruitment process being carried out if the person is being co-opted from the general population.

6.2.5.4 Non-voting co-optees will not affect the political balance of the meeting, but voting ones will (and allowances will therefore need to be made along the lines of those suggested above for education co-optees). Care should be taken in formal co-option in this way. There may be two reasons to co-opt:

- Expertise. A co-optee may possess particular technical skill or knowledge – often by virtue of being a representative of a particular organisation. Co-optees brought onto committees for their expertise will naturally have a large role to play when the committee considers items that relate to that issue specifically – but where a committee has especially broad terms of reference, this may not be the case;
- Personal characteristics. A co-optee may, by virtue of their background, have perspectives or insights that others on the committee may lack. Using co-optees to provide more diverse representation on a committee should be encouraged and welcomed.

6.3 Resourcing

6.3.0.1 The guidance also highlights three particular models of scrutiny support. These are explained below, along with reflections on scrutiny's value added. The wording used derives from CfPS research into scrutiny support models carried out in the mid-2000s.

6.3.0.2 Training and development support for officers is critical if they are to carry out their roles effectively. Bodies like ADSO provide representation for those in member-facing roles, along with CPD-certified courses.

6.3.1 “Specialist model”

6.3.1.1 The “dedicated scrutiny officer” model is still common in the sector, but less so than it was. There has been a drop in the number of dedicated officers since 2010, and a drop in the overall size of teams (where teams still exist).

6.3.1.2 Effective scrutiny is possible under a range of models but CfPS still considers that the specialist model provides the best opportunity for robust, high quality support to councillors.

6.3.2 “Integrated model”

6.3.2.1 Here, a single officer will provide administrative and policy support to a committee. This is an increasingly common model. An obvious shortcoming is that skillsets that combine excellence in policy support and excellence in administration are not necessarily common.

6.3.3 “Committee model”

6.3.3.1 This is the model where support is offered from within council service departments. While democratic services officers administer committee meetings, these “link officers” work with the chair to develop agendas and manage the work programme.

6.3.3.2 This model is not especially widespread and is problematic from the point of view of independence. It asks a lot of “link officers”; under this model, without the mediating work of officers working in democratic services, senior service officers might find themselves fielding large numbers of substantive queries from councillors.

6.3.4 The role of statutory officers in supporting the function

The statutory scrutiny officer

6.3.4.1 Combined authorities and councils are required to designate an officer as the “scrutiny officer”, in unitary and county areas (shire districts remain exempt from the requirement, although the guidance does suggest that they consider so designating an officer).

[The role of the statutory officer is to]:

- Promote the role of the authority’s scrutiny committee;
- Provide support to the scrutiny committee and its members; and
- Provide support and guidance to members and officers relating to the functions of the scrutiny committee.

Statutory guidance on overview and scrutiny in local and combined authorities, paragraph 18, p13

6.3.4.2 All councils are required to appoint a monitoring officer, a head of paid service and a s151 officer. Collectively these three officers have been termed the “golden triangle”. The statutory scrutiny officer also fulfils a vital role – to support the scrutiny function and to promote it within the organisation.

6.3.4.3 The role is especially important as scrutiny officers, and democratic services officers, will often hold positions in the organisation’s hierarchy that are comparatively junior. The process of carrying out scrutiny will involve them speaking to chief officers and other senior members of staff (and to councillors on the executive). The inevitable power dynamics involved could present problems where a council has an unproductive political and organisational culture. Officers supporting scrutiny members and committees can use the fact that they are empowered by members to their advantage, but properly navigating the relationships involved requires a significant degree of political awareness. This is a lot to ask; the position of scrutiny officers can, in some councils, be quite isolating. The Centre for Public Scrutiny is funded to provide substantive support on scrutiny and governance issues to both councillors and officers; scrutiny and democratic services officers who are members of professional organisations like the Association of Democratic Services Officers may find their support useful as well.

6.3.4.4 A positive working relationship recognises these power dynamics and highlights the need for the support of senior statutory officers – as champions both of the scrutiny function and of good governance more generally – to ensure that scrutiny and democratic services staff feel supported as they carry out their duties. This may be a feature that forms part of a scrutiny / executive protocol.

6.3.4.5 Difficulties will inevitably arise where there are disagreements about scrutiny's powers, role and remit. For example, questions over scrutiny's rights to require the attendance of certain people at meetings, disagreements over work programming, difficulties with acquiring and using information effectively, issues over resourcing, and so on. The role of the statutory scrutiny officer is a broad one, and the holder of that position is required to advocate on behalf of the function (and to protect its independence). In the first instance this will involve a discussion between the Monitoring Officer and the statutory scrutiny officer to consider the issues involved.

6.3.4.6 Those occupying these statutory roles need to have a nuanced and meaningful understanding of the scrutiny function in order to accurately make judgments about its operation when disagreements or other issues arise.

6.3.4.7 It is up to councils to decide who they designate to carry out this role. Some have chosen someone senior in the organisation; others have chosen a comparatively junior officer.

6.3.4.8 The arguments in favour of appointing a senior officer are:

- Gives scrutiny a high profile at a corporate level;
- Commensurate with other statutory posts such as the Monitoring Officer and s151 officer;

6.3.4.9 The arguments in favour of appointing a more junior officer are:

- Empowers those involved in scrutiny day-to-day with a statutory role and duty, which bolsters their visibility to the rest of the organisation;
- The responsibility for providing advice and guidance on scrutiny is a more obvious fit, in terms of skill-set, with an officer with practical experience of scrutiny;
- The other statutory posts relate to corporate functions across the authority, where the scrutiny officer role relates specifically to the council's non-executive activity, which is usually supported by a team or individual.

6.3.4.10 While the Act defines the statutory role as the "scrutiny officer", many councils appoint officers whose job title is "scrutiny officer", but who are not actually the statutory scrutiny officer. The role of statutory scrutiny officer in those councils may in fact be given to an officer who may not have the word "scrutiny" in their job title.

The role of the Monitoring Officer

6.3.4.11 The Monitoring Officer has three principal responsibilities:

- To report on matters they believe are, or may be, illegal or amount of maladministration. There is particular provision in the 1989 Act as to how these reports should be framed, and how they should be responded to. These are slightly different for authorities operating executive arrangements, and other authorities;
- To be responsible for the conduct of councillors and officers;
- To be responsible for the operation, review and updating of the constitution. This includes providing advice on the interpretation of the constitution, and making determinations where necessary.

6.3.4.12 The third of these responsibilities is arguably the one most relevant to overview and scrutiny.

6.3.4.13 Like the other two statutory roles, the role of Monitoring Officer will sit with an officer who has a broader array of duties. The Monitoring Officer will usually be the council's Director of Legal Services, or similar, and a chief officer. As such they will be involved in assisting with setting and delivering the direction of the authority at a senior level, as well as safeguarding good governance and the constitution. This makes the role of Monitoring Officer an extremely complex one.

This index provides a reference in the text of this guide by paragraph. References to what the guidance has to say about specific topics can be found at these points in the text, where relevant.

Issue	Paragraph
Agenda planning programming"	see "Work
Annual Reports	5.2.4.4
Call-in (definition of key decision)	3.4.2.4
Call-in (meeting management)	3.4.2.9 - 3.4.2.12
Call-in (typical process)	3.4.2.8
Call-in (validity)	3.4.2.6
Chairs (skills and capabilities)	6.2.2.1
Combined authorities (role of scrutiny)	3.1.1.2 - 4
Combined authorities (scrutiny involving partners)	2.4.0.1
Combined authorities (statutory scrutiny functions)	1.3.0.1
Committee structures	6.1.0.2
Communications (scrutiny web presence)	2.3.2.3
Communications (scrutiny's profile)	2.3.2.2
Complaints (oversight by scrutiny)	1.1.1.4
Co-option (non-statutory, selection)	4.2.5.2, 6.2.5.4
Co-option (statutory, education)	6.2.4.2
Councillor Call for Action	3.2.2.8
Cultural commitment to scrutiny across the organisation	1.1.0.6 - 8, 2.1.1.3
Culture (importance)	1.1.0.1 - 1.1.0.8
Culture (barriers to a positive culture)	2.1.1.4
Evaluating scrutiny	5.2.0.4, 5.2.1.1
Executive - scrutiny protocols	2.1.1.1
Executive (common principles defining the exec/scrutiny relationship)	2.1.1.2
Executive (response to recommendations)	5.1.3.5
Executive (role of statutory officers)	6.3.4.2
Executive (sharing draft recommendations)	5.1.2.4, 5.1.2.6
Executive (statutory scrutiny functions)	1.2.1.1
Executive (work programming)	3.2.0.5
Executive's responsibility to support scrutiny	1.1.0.3
Filming and recording meetings	4.4.2.5
Following the "council pound"	2.2.0.5
Full Council (reporting to)	5.2.4.2
Impact (enhancing of scrutiny's, member leadership)	5.2.2.2, 5.2.3.1
Impact (generally)	5.2.0.2
Impact (recommendations)	5.1.0.6, 5.1.2.5
Information (principal sources)	4.1.1.1
Information (real time access and raw data)	4.1.3.4
Information (sources on national policy)	4.2.3.1
Information (to support work programming)	3.2.1.2 - 3
Information (triangulation)	4.1.4.1

Information (use of a digest, reasons)	4.1.3.1
Information (ways to gather, generally)	4.3.0.3, 4.4.4.1
Joint scrutiny	2.2.2.1 - 5
Key decisions	3.4.2.4
Local public accounts committees	2.4.0.4
Meetings (filming and recording)	4.4.2.5
Meetings (involving the public)	4.4.3.1
Membership (executive assistants)	6.2.3.4
Membership (family and personal relationships)	6.2.3.8
Membership (skills and capabilities)	6.2.3.2
Membership of formal committees	6.2.3.1
Membership of T&F groups (co-optees)	4.2.5.2
Membership of T&F groups (generally)	4.2.2.2
Monitoring Officer (role in respect of whistleblowing and complaints)	1.1.1.7
Monitoring Officers' role	6.3.4.11
Partners (combined authorities)	2.4.0.1
Partners (following the "council pound")	2.2.0.5
Partners (relationship management)	2.2.0.4, 2.2.1.4, 2.2.1.5
Partners (scrutiny generally)	2.2.0.3, 2.2.1.1 - 3
Partners (statutory scrutiny functions)	1.2.2.1
Partners (working with other scrutineers)	2.2.2.1 - 5
Policy development (through pre-decision scrutiny)	3.3.2.2
Politics (member behaviours)	6.2.2.1
Politics (the need for political awareness)	2.1.2.2
Politics (use of the whip)	6.2.2.3
Post-decision scrutiny	3.4.1.1
Pre-decision scrutiny (benefits in respect of policy development)	3.3.2.4
Pre-decision scrutiny (generally)	3.3.0.1
Public involvement (at formal meetings, physical arrangement of room)	4.4.2.2
Public involvement (general principles)	2.3.1.7
Public involvement (identifying and understanding)	2.3.0.4
Public involvement (review scoping)	4.2.4.1 - 4.2.4.4
Public involvement (social media)	2.3.1.4
Public involvement (understanding needs)	4.4.1.1 - 4.4.1.5
Public involvement (work programming)	2.3.1.2
Recommendation monitoring	5.1.4.1
Recommendations (developing)	5.1.0.2
Recommendations (formal of formal response)	5.1.3.5
Recommendations (general principles)	5.1.2.2
Recommendations (impact and return on investment)	5.1.0.6, 5.1.2.5
Recommendations (sharing in draft)	5.1.2.4
Reports (at committee "to note", arguments against)	4.1.3.2
Role of scrutiny (combined authorities)	3.1.1.2 - 4
Role of scrutiny (use of a "lens" to focus work)	3.1.0.4
Roles of scrutiny (link to work programming)	3.2.0.3
Room layout at formal meetings	4.4.2.2

Scoping (involving local people)	4.2.4.1 - 4.2.4.4
Scoping (risk of scope creep)	4.3.1.2
Scoping (typical process)	4.2.1.1
Scoring and selection criteria for prioritising work	3.2.2.2
Scrutiny evaluation	5.2.0.4, 5.2.1.1
Scrutiny reports (refining and agreeing recommendations)	5.1.0.2
Scrutiny's profile	2.3.2.2
Social media	2.3.1.4
Statutory functions (combined authorities)	1.3.0.1
Statutory functions (in relation to partners)	1.2.2.1
Statutory functions (in relation to the council)	1.2.1.1
Statutory functions (overall)	1.2.0.2
Statutory officers (generally)	6.3.4.2
Statutory officers (Monitoring Officer)	6.3.4.11
Statutory scrutiny officers	6.3.4.3
Statutory scrutiny officers (different designation methods)	6.3.4.7
Strategic role of scrutiny	1.1.0.5, 2.3.2.1
Task and finish (membership of groups)	4.2.2.2
Task and finish (procurement of technical advice)	4.2.5.3
Task and finish (typical scoping process)	4.2.1.1
Technical advice for scrutiny	4.2.5.3
Web presence for scrutiny	2.3.2.3
Whipping	6.2.2.3
Whistleblowing (oversight by scrutiny)	1.1.1.6
Work programming (Councillor Call for Action)	3.2.2.8
Work programming (executive relationship)	3.2.0.5
Work programming (link to scrutiny's role)	3.2.0.3
Work programming (methods and timing)	3.2.2.5, 3.2.3.1, 3.3
Work programming (need for flexibility)	3.2.0.4
Work programming (pre-decision scrutiny, generally)	3.3.0.1
Work programming (public involvement)	2.3.1.2, 3.2.0.5
Work programming (scoring, use of criteria)	3.2.2.2
Work programming (use of information to support)	3.2.1.2 - 3



77 Mansell Street London E1 8AN
telephone **020 3866 5100** email **info@cfps.org.uk** twitter **@cfpscrutiny**


www.cfps.org.uk

103

Centre for Public Scrutiny Limited is a registered charity: 1136243 and a Limited Company registered in England and Wales: 5133443

REPORT TO BUDGET AND CORPORATE SCRUTINY MANAGEMENT BOARD

10 July 2019

Subject:	Financial Outturn 2018-2019
Director:	Executive Director – Resources – Darren Carter
Contribution towards Vision 2030:	
Exempt Information Ref:	The information contained in this report is not exempt from publication.
Contact Officer(s):	Alex Goddard, Democratic Services Officer alexander_goddard@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Budget and Corporate Scrutiny Management Board:

1. considers the Council Financial Outturn 2018-2019;
2. identifies any recommendations it wishes to make to Cabinet.

1 PURPOSE OF THE REPORT

- 1.1 At its meeting on 26 June, 2019 the Cabinet referred the proposals arising from the 2018/19 directorate outturn reports for each service area to the Budget and Corporate Scrutiny Management Board for consideration.
- 1.2 Any recommendations arising from the consideration of this report will be reported to the Cabinet.

2 IMPLICATION FOR THE COUNCIL'S VISION

- 2.1 The Council's sound financial management, which is strengthened through the Scrutiny Management Board's consideration of financial outturns, underpins all of the ambitions within the Vision for the borough.

3 BACKGROUND AND MAIN CONSIDERATIONS

3.1 This is contained within the appended report to Cabinet.

4 THE CURRENT POSITION

4.1 The current position is detailed in the appended report.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

5.1 This is addressed in the appended report.

6 ALTERNATIVE OPTIONS

6.1 Alternative options are detailed in the report to Cabinet at Appendix 1.

7 STRATEGIC RESOURCE IMPLICATIONS

7.1 These are set out in the appended report to Cabinet.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

8.1 The appended report contains the legal and governance matters relating to budget monitoring.

9 EQUALITY IMPACT ASSESSMENT

9.1 This is addressed in the appended report.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 This is set out in the appended report to Cabinet.

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 This is addressed in the appended report.

12 SUSTAINABILITY OF PROPOSALS

12.1 Sustainability of the proposals is included in the report to Cabinet at Appendix 1.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

13.1 These are addressed in the appended report.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 This is included in the appended report to Cabinet.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 The consideration of this report will provide an opportunity for the Scrutiny Management Board to seek clarity or further information and to make any recommendations it wishes to Cabinet on the financial outturn 2018-2019.

16 BACKGROUND PAPERS

16.1 All relevant papers are included in the appendix to this report.


17 APPENDICES:

The report to Cabinet on Financial Outturn 2018-2019 is appended to this report.

Darren Carter
Executive Director – Resources

REPORT TO CABINET

26 June 2019

Subject:	2018/19 Financial Outturn
Presenting Cabinet Member:	Councillor Wasim Ali - Cabinet Member for Resources and Core Council Services
Director:	Executive Director – Resources – Darren Carter
Contribution towards Vision 2030:	
Key Decision:	Yes
Cabinet Member Approval and Date:	Cllr Ali
Director Approval:	Darren Carter
Reason for Urgency:	Urgency provisions do not apply
Exempt Information Ref:	Exemption provisions do not apply
Ward Councillor (s) Consulted (if applicable):	Ward councillors have not been consulted
Scrutiny Consultation Considered?	Budget and Corporate Scrutiny Management Board – 10 July 2019
Contact Officer(s):	Rebecca Griffiths, Head of Finance

DECISION RECOMMENDATIONS

That Cabinet:

1. Refers the proposals arising from the 2018/19 directorate outturn reports for each directorate/service area (Appendices F to L), Schools Outturn (Appendix N), Housing Revenue Account (Appendix M), the Council's capital outturn (Appendix D), Treasury Management outturn (Appendix O) and Key Performance Indicators (Appendix E) to the Budget and Corporate Scrutiny Management Board for consideration.

2. Approve that the surpluses additional to those approved at period 9 be carried forward as requested: -

	Total	2019/20	2020/21	2021/22
	£'000	£'001	£'000	£'000
Resources	151	151		
Adult Social Care	430			430
Regeneration & Growth	636	636		
Children's Services	30	30		
Housing & Communities	245	245		
Public Health - Ringfenced Grant	475		475	
TOTAL	1,967	1,062	475	430

3. Approve the use of £5m of revenue balances towards funding the Sandwell Children's Trust deficit.

4. Authorise the Executive Director – Resources to utilise £1.1m of capital funding to support preparatory works for the A4123 Birchley Island / Junction 2 M5 improvement scheme.

1 PURPOSE OF THE REPORT

- 1.1 This report provides details of the council wide financial outturn for the 2018/19 financial year.

2 IMPLICATION FOR VISION 2030

- 2.1 Each of the Council's 10 ambitions are engaged across this Report; the Council's financial status helps to underpin the Council's Vision 2030 and associated aspirations.

3 BACKGROUND AND MAIN CONSIDERATIONS

Directorate Outturn

- 3.1 At a directorate level, excluding Public Health and the HRA, the outturn for 2018/19 was a surplus of **£10.496m** which is broken down in the table below: -

	(Surplus) / Deficit
	£'000
Corporate Management	(922)
Resources	(2,041)
Adult Social Care	(6,342)
Regeneration & Growth	(869)
Housing & Communities	(245)
Children's Services	(77)
Total Net Service Expenditure (excluding Public Health)	(10,496)

3.2 Including, Public Health and Central Items, the outturn for 2018/19 was a surplus of **£14.282m**.

3.3 However, in common with many other councils, Sandwell has experienced an unprecedented increase in demand for our children's social care services that has resulted in a year-end deficit of **£6.567m** for Sandwell Children's Trust. Cabinet approval is sought for the council to cover £5m of this deficit from revenue balances, some of which were earmarked for this specific purpose at the start of the year.

Central Items

3.4 The Council has a number of budgets that are held centrally. The nature of these budgets means that they are not within any specific Directorate's control, and as a result they are excluded from budgets. These central items ended the year in a surplus of **£1.326m** which will be returned to balances.

Use of Reserves

3.5 At the end of 2017/18, a total of **£24.560m** was held in earmarked reserves. £1.838m was added to these reserves during 2018/19 leaving a remaining balance of **£26.938m** at the end of the financial year.

Severance Payments

3.1 The council terminated the contracts of a number of employees in 2018/19 to meet the ongoing challenges of the difficult economic climate and budget reductions. In total 51 employees left the council's employment during the year incurring liabilities of £3.378m.

- 3.2 In 2017/18 a provision of £2.253m was created for employees approved as planned leavers at 31 March 2018. Of this £1.553m was utilised and £0.593m re-provided for in 2019/20. Costs of £1.162m not included in the 2017/18 provisions have been incurred. £1.053m of this has been funded by Directorates and £0.109m from the Council's Corporate Resources.
- 3.3 There are also agreements in place for a further 31 employees to leave the council during 2019/20 or later at an estimated cost of £2.718m. A provision for this amount has therefore been created for future and outstanding termination benefit costs which are expected to be incurred in 2019/20.

Capital

- 3.4 Capital expenditure of £77.6m was incurred during 2018/19.
- 3.5 The majority of this was spent as follows: -
- £1.031m Various ICT projects
 - £18.936m New schools/school refurbishments
 - £3.200m Disabled Facilities Grant
 - £6.105m Various Highways related schemes

 - £37.813m Housing Revenue Account
- 3.6 Cabinet previously approved the allocation of up to £2.82m of Council Capital as a local contribution towards the proposed improvement works at A4123 Birchley Island / M5 Junction 2. It is requested that £1.1m of this be brought forward to fund preparatory works.

General Fund Balance

- 3.7 The General Fund balance at the end of 2018/19 was £66.5m. This includes £22.2m of target carry forwards and £32.2m of earmarked central items, leaving a free balance of £12.1m which equates to 5% of net General Fund expenditure.

4 THE CURRENT POSITION

- 4.1 The summary statement included at Appendix A details the actual outturn for the council against the allocated budget for the year.
- 4.2 Individual outturn reports for each directorate, the Housing Revenue Account and the Individual Schools Budget can be found at Appendices F to N.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

5.1 There is no requirement to formally consult customers or stakeholders.

6 ALTERNATIVE OPTIONS

6.1 There is no alternative option with regard to the council's financial status.

7 STRATEGIC RESOURCE IMPLICATIONS

7.1 Resource implications are contained within the body of the report.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

8.1 The Accounts and Audit Regulations 2015 stipulate that the council's 2018/19 draft statement of accounts must be approved by the Section 151 officer by 31 May 2019. Following the external audit period, regulations require a formal resolution by the Audit Committee for it to approve the council's 2018/19 statement of accounts by 31 July 2019.

9 EQUALITY IMPACT ASSESSMENT

9.1 There is no requirement to conduct an Equality Impact Assessment.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 Any information used to compile this report is subject to information governance legislation and is managed in accordance with the Council's policies and protocols. A Data Protection Impact Assessment is not required.

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 There no requirement to carry out a Crime and Disorder and Risk Assessment.

12 SUSTAINABILITY OF PROPOSALS

12.1 This information is contained within the main body of this report and the appendices.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

13.1 This information is contained within the main body of this report and the appendices.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 This information is contained within the main body of this report and the appendices.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 Sandwell MBC continues to manage its' finances effectively in the age of austerity. It is recommended that the contents of this report be referred to the Budget & Corporate Scrutiny Management Board for consideration and that the requested carry forwards be approved.

16 BACKGROUND PAPERS

16.1 Council Budget Report 2018/19

16.2 Cabinet Budget Monitoring Reports 2018/19.

17 APPENDICES:

Appendix A – Revenue Monitoring Summary

Appendix B – Central Items Summary

Appendix C – Earmarked Reserves

Appendix D – Capital Monitoring

Appendix E (i) Key Performance Indicators

Appendix E (ii) Aged Debt Report

Appendix F – Corporate Management Financial Outturn

Appendix G – Resources Financial Outturn

Appendix H – Adult Social Care Financial Outturn

Appendix I - Regeneration & Growth Financial Outturn

Appendix J – Housing & Communities Financial Outturn

Appendix K – Children's Services Financial Outturn

Appendix L – Public Health Financial Outturn

Appendix M – Housing Revenue Account Financial Outturn

Appendix N – Individual Schools Budgets Financial Outturn

Appendix O – Treasury Management Outturn

Darren Carter

Executive Director – Resources

	Annual Target Budget	Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Carry Forwards Previously Approved	Revenue Contribution to Capital (RCCO)	Projected (Surplus) / Deficit after RCCO & Approved C/fwds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Management Resources	331	(696)	(105)	0	(591)	0	0	(922)
Adult Social Care	17,140	18,869	0	3,770	15,099	(1,890)	0	(151)
Regeneration & Growth	82,940	76,296	(301)	0	76,597	(5,912)	0	(430)
Housing & Communities	24,479	24,362	(298)	1,050	23,610	(233)	0	(636)
Children's Services	18,638	19,809	95	1,421	18,293	0	100	(245)
	86,643	88,683	1,261	856	86,566	0	0	(77)
Total Net Service Expenditure (excluding Public Health)	230,171	227,323	652	7,097	219,574	(8,035)	100	(2,461)
Public Health - Ringfenced Grant	2,778	395	(33)	109	319	(1,984)	0	(475)
Total Net Expenditure (including Public Health)	232,949	227,718	619	7,206	219,893	(10,019)	100	(2,936)
Non Service Income & Expenditure:								
Central Items	27,454	25,086	(1,331)	290	26,127	0	0	(1,326)
Total Net Expenditure (including Public Health & Central Items)	260,403	252,805	(712)	7,496	246,021	(10,019)	100	(4,263)

Regeneration & Growth	Annual Budget	Actual Outturn	Use of (Cont to) Earmarked Reserves	Use of Corporate Resources	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000
Carbon Reduction - Energy Efficiency	300	115			(185)
Total	300	115	0	0	(185)

Children's Services	Annual Budget	Actual Outturn	Use of (Cont to) Earmarked Reserves	Use of Corporate Resources	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000
BSF Central Item	400	400			0
Sandwell Guarantee	0	280		233	47
Total	400	680	0	233	47

Housing & Communities	Annual Budget	Actual Outturn	Use of (Cont to) Earmarked Reserves	Use of Corporate Resources	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000
Waste Partnership	25,962	25,278			(684)
Total	25,962	25,278	0	0	(684)

Resources	Annual Budget	Actual Outturn	Use of (Cont to) Earmarked Reserves	Use of Corporate Resources	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000
Local Authority Subs	85	85			0
W'ton: WMCC & WMRE	45	37			(8)
Joint Committee Servicing	19	0			(19)
External Audit Fee	180	237			57
New Homes Bonus Grant	(3,592)	(3,598)			(6)
Business Rates Compensation Grant	(11,633)	(13,453)			(1,820)
Insurance	(395)	(1,669)	(1,483)		209
Bank Charges	225	329			104
Airport Rent Income	(100)	(96)			4
Apprenticeship Levy	480	440			(40)
Past Service Pension Costs	8,600	8,441			(159)
Housing Benefits	501	908			407
Local Welfare Provision	0	209	152	57	(0)
Pensions General	4,729	4,722			(6)
Coroners	335	462			127
Members Allowances	1,351	1,365			14
Special Events	25	5			(20)
Legal Public Law Fees	366	646			280
Templink	(429)	(57)			372
Total	792	(987)	(1,331)	57	(504)

GRAND TOTAL	27,454	25,086	(1,331)	290	(1,326)
--------------------	---------------	---------------	----------------	------------	----------------

SPECIFIC RESERVES SUMMARY

APPENDIX C RESERVES

Earmarked Reserve	Balance as at 31 March 2018 £000	Actual Expenditure 2018/19 £000	Remaining Balance 31 March 2019 £000
			0
<u>Corporate Management</u>			
Brexit Funding	0	(105)	105
<u>Adult Social Care</u>			
Taxi Licensing Operational	105	0	105
Adult Social Care Reserve	1,047	0	1,047
Integrated Care Record	0	(301)	301
			0
<u>Children's Services</u>			
Early Help	1,083	1,083	0
Childrens Workforce Development	68	0	68
Safeguarding Childrens Board	178	178	0
Regeneration and Economy	186	0	186
BSF FM Sinking Fund	2,070	(436)	2,506
<u>Housing & Communities</u>			
Sports Grants	48	0	48
Portway Lifestyle Centre Property Reserve	437	(79)	516
Private Sector Leasing	217	75	142
Mortgage Rescue	59	59	0
Dartmouth Park	358	40	318
<u>Public Health</u>			
Learning for Public Health	288	(33)	321
<u>Housing & Communities</u>			
Sandwell Business Loans Fund	16	16	0
West Midlands Regional Research	343	56	287
Sinking Fund RBC building	326	(106)	432
Sinking Fund Central 6th building	506	(264)	770
<u>Resources</u>			
Insurance Reserve	9,608	(1,483)	11,091
Grants Irregularities Reserve	1,031	0	1,031
Social Fund Reserve	152	152	0
E-Business financial suite	2,625	0	2,625
P.O.C.A. (Proceeds of Crime)	29	0	29
SCT set up costs	770	0	770
<u>Housing Revenue Account</u>			
Welfare Reform Reserve	3,010	(690)	3,700
			0
Total	24,560	(1,838)	26,398

SANDWELL METROPOLITAN BOROUGH COUNCIL**CAPITAL MONITORING 2018/2019 - PERIOD 12 MARCH**

SUMMARY	Original Budget 2018/19 (Main Programme)	Additional Approvals / Adjustments	Re-Profile to Future Years	Revised Budget 2018/19 (Main Programme)	Self Financing	Total Budget 2018/19	2018/19			(Surplus) / Deficit for the Year
							Actual Spend to Date	Remaining Spend	Total Forecast Expenditure	
MARCH 2018/19	£	£	£	£	£	£	£	£	£	£
<u>PERFORMANCE</u>										
Corporate Management	9,000	0	-9,000	0	0	0	-	-	-	0
Resources	2,270,000	1,200,000	-2,413,986	1,056,014	0	1,056,014	1,056,014.14	-	1,056,014	0
PERFORMANCE TOTAL	2,279,000	1,200,000	-2,422,986	1,056,014	0	1,056,014	1,056,014.14	-	1,056,014	0
<u>PEOPLE</u>										
Childrens Services	0	0	0	0	19,317,444	19,317,444	19,317,443.63	-	19,317,444	0
Adults Social Care	2,244,000	0	-2,083,876	160,124	3,240,857	3,400,981	3,400,980.90	-	3,400,981	0
PEOPLE TOTAL	2,244,000	0	-2,083,876	160,124	22,558,300	22,718,425	22,718,424.53	-	22,718,425	0
<u>NEIGHBOURHOODS</u>										
Regeneration & Growth	4,959,000	224,558	-1,114,731	4,068,828	6,974,210	11,043,037	11,043,037.23	-	11,043,037	0
Housing & Communities	6,734,000	717,326	-4,102,260	3,349,066	1,649,435	4,998,501	4,998,500.92	-	4,998,501	0
NEIGHBOURHOODS TOTAL	11,693,000	941,884	-5,216,991	7,417,894	8,623,645	16,041,538	16,041,538.15	-	16,041,538	0
<u>HOUSING REVENUE ACCOUNT</u>										
Housing Revenue Account (HRA)	68,073,000	-6,782,000	-27,099,000	34,192,000	3,619,699	37,811,699	37,813,333.57	-	37,813,334	1,635
HOUSING REVENUE ACCOUNT (HRA) TOTAL	68,073,000	-6,782,000	-27,099,000	34,192,000	3,619,699	37,811,699	37,813,333.57	-	37,813,334	1,635
GRAND TOTAL	84,289,000	-4,640,116	-36,822,853	42,826,032	34,801,644	77,627,676	77,629,310.39	-	77,629,310	1,635

Key Financial Outturn Performance Indicators at Quarter 4 2018/19

Appendix E (1)

Key Performance Indicator		2018/19	Change from 2017/18	2017/18	Commentary
1	<u>Revenue Collection Performance</u>				
1.1	Council Tax Collection Rate	99%	↔	99%	A higher figure is beneficial in improving the Council's cash flow and also reducing administration costs.
1.2	Business Rates Collection Rate	98%	↓	99%	A higher figure is beneficial in improving the Council's cash flow and also reducing administration costs.
1.3	General Debtors				
1.3.1	Total Amount Billed to Date (£m)	77	↑	76	Target for Q4 is 90% collection rate, so this is ahead of target in year and ahead on the position as at last year. Billed debt has decreased on this time last year.collection rate.
1.3.2	Collection Rate	85%	↓	87%	
1.3.3	Average No. of Days to receive payment from Customers	72	↑	80	
1.3.4	Credit Notes Raised as a % of Total Customer Invoices	4%	↔	4%	
1.3.5	Proportion of Debt > 90 days old from invoice date	54%	↓	42%	
1.4	Housing Rents				
1.4.1	Value of Rent Debit to Date (£m)	118	↓	120	A small % decrease in the value of the rent debit.
1.4.2	Collection Rate	96%	↔	97%	No change in the collection rate.
2	<u>Accounts Payable</u>				
2.1	Proportion of Payments made by Electronic means (BACS & Bank Transfers)	93%	↔	93%	A higher figure is beneficial in terms of reducing administration costs and improved processes. Suppliers of goods and services receive prompt payment of invoices and therefore improved cash flow.

Aged Debt Report as at Outturn 2018/19

Year	Sundry Debtors 2018 £'000	Council Tax 2018 £'000	NNDR 2018 £'000	Total Aged Debt 2018 £'000
2017/2018	1,540	2,933	628	5,101
2016/2017	753	2,182	288	3,224
2015/2016	1,008	1,657	147	2,812
2014/2015	317	1,583	87	1,987
2013/2014	343	1,332	74	1,749
2012/2013	136	1,031	48	1,215
2011/2012	78	872	31	981
2010/2011	62	737	9	808
2009/2010	36	672	2	711
2008/2009	234	691	13	939
2007/2008	20	562	3	585
2006/2007	2	470	3	475
2005/2006	1	278	8	287
2004/2005	0	173	3	176
2003/2004	15	73	2	90
2002/2003	14	52	2	68
2001/2002	0	0	0	0
2000/2001	0	0	0	0
	4,561	15,299	1,347	0
				21,207

Corporate Management Financial Outturn 2018/19
1 April 2018 to 31 March 2019

Revenue

1. Overview

The financial outturn for Corporate Management is a surplus of £0.922m, which can be further analysed as follows:

	Annual Target Budget	Actual Outturn	Use of / (Cont to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Gross Expenditure	951	1,345	0	0	1,345	394
Gross Income	(620)	(2,041)	(105)	0	(1,936)	(1,316)
Net Expenditure	331	(696)	(105)	0	(591)	(922)
Carry Forward Previously Approved Revenue Contribution to Capital (RCCO)						0
						0
Adjusted Net Variance After Approved CFwds & RCCO						(922)

Further details of the outturn position can be found in Appendix F1. The table below outlines the main reasons for the surplus of £0.922m: -

Reasons for Surplus/Deficit	£000
Levy Surplus Account Grant received in March which was windfall income not expected	(1,536)
Payment for Business Rates Growth not known when preparing the 2018-19 budgets. This has been built into 2019-20 and future budgets	464
Revised Equal Pay Provision due to current open cases	(70)
Balance Sheet adjustments	220
Total	(922)

The net surplus is requested to be treated as follows: -

Requested Treatment	£000
Release to balances	(922)
Total	(922)

2. Available Target Resources

Target budget resources available to Corporate Management were £0.331m. There have been no amendments since the previously reported monitoring.

The following additional specific grants have been received by the directorate since the previously reported monitoring:

- £0.105m was received from MHCLG to support local authorities in their preparations for the UK leaving the EU. It has been requested that this is set aside in a reserve to enable future costs to be covered.
- £1.536m was received from MHCLG as there had been a surplus balance on the Central Government Business Rate Levy Account this was redistributed accordingly. [REDACTED]

3. Virements within the Directorate

There have been no virements of over £0.250m between sub divisions within Corporate Management since the previously reported monitoring.

4. Variation to projected outturn at Quarter 3

In the Quarter 3 monitoring reported to Cabinet, the projected outturn for Corporate Management was breakeven, therefore details of the variances that have occurred since then are outlined in section 1.

5. Central Items

Corporate Management has no responsibility for Central Items, there is no Appendix F4 for this service.

6. Earmarked Reserves

The directorate is requesting to set aside sums totalling £0.105m for the creation of a new earmarked reserve for use on specific activities in future years. Details of balances are as follows:

Earmarked Reserve	Balance as at 31 March 2018 £000	Actual Expenditure 2018/19 £000	Remaining Balance 31 March 2019 £000
Brexit Funding	0	(105)	105
Total	0	(105)	105

7. Severance Payments

There were no severance payment costs or provisions for the Corporate Management directorate.

8. Use of Corporate Resources

There is no request to fund expenditure incurred by the directorate from corporate resources.

Capital

9. Overview

Corporate Management is responsible for the delivery of one capital scheme which is detailed in Appendix F5. The projected 2018/19 outturn for this scheme was £0.009m as reported within the Period 9 monitoring to cabinet on 20th February 2019. The actual outturn is nil resulting in a surplus variance of £0.009m. This £0.009m will be carried forward into 2019/20 to be spent on office improvement works on the 3rd floor of Providence Place.

10. Virements

There have been no virements between capital schemes during the period.

11. Section 106 Monies

Corporate Management has no responsibility for Section 106 monies, there is no Appendix F6 for this service.

Contact

Carl Burke

Interim Service Manager

0121 569 4135

Corporate Management		Appendix F1 Corporate Management Outturn				
Area	Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Chief Executive	253	156	(105)	0	261	8
Combined Authority	611	1,065	0	0	1,065	454
Corporate Management	(533)	(1,917)	0	0	(1,917)	(1,384)
Total Net Expenditure	331	(696)	(105)	0	(591)	(922)
Carry Forward Previously Approved Revenue Contribution to Capital (RCCO)						0
						0
Adjusted Net Variance After Approved CFwds & RCCO						(922)
Subjective Analysis	Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Employees	188	117	0	0	117	(71)
Premises	0	3	0	0	3	3
Transport	10	8	0	0	8	(2)
Supplies & Services	666	1,130	0	0	1,130	464
Third Party Payments	0	0	0	0	0	0
Transfer Payments	0	0	0	0	0	0
Capital Charges	87	87	0	0	87	0
Capital Financing	0	0	0	0	0	0
Gross Expenditure	951	1,345	0	0	1,345	394
Specific Grants	0	(1,641)	(105)	0	(1,536)	(1,536)
Other Grants & Contributions	0	0	0	0	0	0
Fees & Charges	0	218	0	0	218	218
Recharges in Target	(620)	(618)	0	0	(618)	2
Other Income	0	0	0	0	0	0
Gross Income	(620)	(2,041)	(105)	0	(1,936)	(1,316)
Total Net Expenditure	331	(696)	(105)	0	(591)	(922)

Corporate Management		Appendix F2 Corporate Management Outturn					
		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Chief Executive	Employees	188	188	0	0	188	0
This service area covers the salary and costs associated with the role of Chief Executive	Premises	0	3	0	0	3	3
	Transport	10	8	0	0	8	(2)
	Supplies & Services	55	65	0	0	65	10
	Third Party Payments	0	0	0	0	0	0
	Transfer Payments	0	0	0	0	0	0
	Capital Charges	0	0	0	0	0	0
	Capital Financing					0	0
	Total Gross Expenditure	253	264	0	0	264	11
	Specific Grants	0	(105)	(105)	0	0	0
	Other Grants & Contributions	0	0	0	0	0	0
	Fees & Charges	0	(2)	0	0	(2)	(2)
	Recharge Income	0	(1)	0	0	(1)	(1)
	Other Income	0	0	0	0	0	0
	Total Gross Income	0	(108)	(105)	0	(3)	(3)
Net Expenditure	253	156	(105)	0	261	8	
Combined Authority	Employees	0	0	0	0	0	0
This service is responsible for the costs associated with the West Midlands Combined Authority.	Premises	0	0	0	0	0	0
	Transport	0	0	0	0	0	0
	Supplies & Services	611	1,065	0	0	1,065	454
	Third Party Payments	0	0	0	0	0	0
	Transfer Payments	0	0	0	0	0	0
	Capital Charges	0	0	0	0	0	0
	Capital Financing					0	0
	Total Gross Expenditure	611	1,065	0	0	1,065	454
	Specific Grants	0	0	0	0	0	0
	Other Grants & Contributions	0	0	0	0	0	0
	Fees & Charges	0	0	0	0	0	0
	Recharge Income	0	0	0	0	0	0
	Other Income	0	0	0	0	0	0
	Total Gross Income	0	0	0	0	0	0
Net Expenditure	611	1,065	0	0	1,065	454	
Corporate Management	Employees	0	(71)	0	0	(71)	(71)
This service is responsible for the functions of the Council that do not specifically align to any individual directorate.	Premises	0	0	0	0	0	0
	Transport	0	0	0	0	0	0
	Supplies & Services	0	0	0	0	0	0
	Third Party Payments	0	0	0	0	0	0
	Transfer Payments	0	0	0	0	0	0
	Capital Charges	87	87	0	0	87	0
	Capital Financing					0	0
	Total Gross Expenditure	87	16	0	0	16	(71)
	Specific Grants	0	(1,536)	0	0	(1,536)	(1,536)
	Other Grants & Contributions	0	0	0	0	0	0
	Fees & Charges	0	220	0	0	220	220
	Recharge Income	(620)	(617)	0	0	(617)	3
	Other Income	0	0	0	0	0	0
	Total Gross Income	(620)	(1,933)	0	0	(1,933)	(1,313)
Net Expenditure	(533)	(1,917)	0	0	(1,917)	(1,384)	
	Total Net Expenditure	331	(696)	(105)	0	(591)	(922)

Corporate Management	Appendix F3 - Sub Analysis		
	Actual Outturn	Annual Target Budget	Variance (Surplus) / Deficit
	£000	£000	£000
Supplies and Services			
Sandwell Contribution to Combined Authority	612	611	1
Sandwell Contribution to Business Rates Growth of the Combined Authority	452	0	452
Operational Services	13	10	3
Catering	14	14	0
Conference Expense	11	3	8
Other Supplies & Services	28	28	0
Total Supplies & Services	1,130	666	464
Specific Grants			
Levy Account Surplus Grant	(1,536)	0	(1,536)
Brexit Funding	(105)	0	(105)
Total Specific Grants	(1,641)	0	(1,641)

Corporate Management				Appendix F5 - Capital	
	Revised 2018/19 Budget as @ Period 9			Actual Outturn 2018/19 £'000	(Surplus) / Deficit for the Year £'000
	Main Programme	Self Financing	Total		
	£'000	£'000	£'000		
Thematic Capital Pot					
3rd Floor Providence Place	9	0	9	0	(9)
Total Corporate Management	9	0	9	0	(9)

Resources Financial Outturn 2018/19
1 April 2018 to 31 March 2019

Revenue

1. Overview

The financial outturn for Resources is a surplus of £2.041m, which can be further analysed as follows: -

	Annual Target Budget	Actual Outturn	Use of / (Cont to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Gross Expenditure	39,591	43,550	0	3,770	39,780	189
Gross Income	(22,451)	(24,681)	0	0	(24,681)	(2,230)
Net Expenditure	17,140	18,869	0	3,770	15,099	(2,041)
Carry Forward Previously Approved						(1,890)
Adjusted Net Variance After Approved CFwds & RCCO						(151)

Further details of the outturn position can be found in Appendices G1 and G2. The following table outlines the main reasons for the surplus: -

Reasons for (Surplus) / Deficit	£'000
Housing Benefit overpayments / Court costs	(1.459)
Projects originally scheduled for 18/19 due to complete in 19/20	(1.500)
Vacant posts held ready for 19/20 savings	(0.563)
Additional income generation in Registration Services	(0.483)
Employee Benefits	(0.130)
2030 Leaders Programme to be completed in 19/20	(0.125)
Miscellaneous	(0.200)
Legal costs re Looked After Children	1.361
Severance Payments	1.058
Net Surplus	(2.041)

The net surplus is requested to be treated as follows: -

Requested Treatment	£000
Carry Forward approved in year	(1,890)
Carry Forward to 2019-20 to be allocated in accordance with Directorate priorities	(151)
Total	(2,041)

2. Available Target Resources

Target budget resources available to Resources were £17.140m. This figure reflects the following amendment that has been made since the previously reported monitoring: -

Target Budget Resources	£000
Target Budget as per last quarter monitoring	17,506
Target Adjustments -	
Public Law Fees transferred to Central Items	(366)
Revised Target Budget Resources	17,140

There have been two additional specific grants received by the directorate since the previously reported monitoring. This is DWP new burdens income for mixed age couples and severe disability premium, and pension credit child addition changes and total £0.010m for 2018/19.

3. Virements within the Directorate

There have been no virements of over £0.250m between sub divisions within Resources since the previously reported monitoring.

4. Variation to projected outturn at Quarter 3

In the Quarter 3 monitoring reported to Cabinet, the projected outturn for Resources was a surplus of £1.890m, the variance between this and the

actual outturn is a surplus of £0.151m. The following table explains the reason for this variance:

Reasons for variance to projected outturn Q3	£'000
Projects originally scheduled for 18/19 due to complete in 19/20	(0.151)
	(0.151)

5. Central Items

The directorate has responsibility for the management of a number of Central Items that are detailed in Appendix G4.

The actual outturn for these items is a surplus of £0.504m that is requested to be carried forward to 2019/20 to address anticipated pressures on public law fees.

The main reasons for this surplus are as follows: -

Reasons for Surplus/Deficit - Central Items	£000
Unanticipated additional grant for compensation due to changes to the small business rates relief thresholds	(1,820)
There has been a regionalisation of subscriptions to professional organisations	(27)
Although a lower fee has been negotiated for work carried out by external audit there are some residual costs from 2016/17 & 2017/18 (see Note 30)	57
Additional Insurance income has been moved to the Insurance Reserve Fund	209
Increased usage of online and automated payment methods have increased the card payment transactions	104
A discount for our upfront payment of past service pension deficit and reducing numbers of pensioners	(165)
A higher number of autopsies than usual this year which is difficult to forecast	127
Public Law fees have been transferred to Central Items and have risen due to the increased number of Looked After Children in Sandwell Childrens Trust	280
Templink income has reduced due to the residual impact of Sandwell Childrens Trust	372
An increased number of Discretionary Housing Payments were made in 2018/19, along with timing differences of subsidy payment	407
Other small variances	(48)
Total	(504)

Earmarked Reserves

6. The directorate has set aside sums totalling £14.215m in previous years as earmarked reserves for use on specific activities in current and future years. The directorate has made a net contribution of £1.331m to earmarked reserves during the current year. This leaves the following balances remaining: -

Earmarked Reserve	Balance as at 31 March 2018 £000	Actual Expenditure 2018/19 £000	Remaining Balance 31 March 2019 £000
Insurance Reserve	9,608	(1,483)	11,091
Grants Irregularities Reserve	1,031	0	1,031
Social Fund Reserve	152	152	0
E-Business financial suite	2,625	0	2,625
P.O.C.A. (Proceeds of Crime)	29	0	29
SCT set up costs	770	0	770
			0
Total	14,215	(1,331)	15,546

7. Severance Payments

In 2017/18 a provision of £0.933m was created for severance payment costs, of which £0.614m has been utilised during 2018/19.

Severance payment costs of £0.286m, not included in the 2017/18 provision, have been incurred with further net costs of £1.058m expected. The full costs will be funded from the directorate.

The table below summarises the position:

	Actual Costs Incurred 2018/19	Provision Created 2017/18		New Provision Created 2018/19		Net cost to service 2018/19
		Utilised	Unutilised	Outstanding Severance Payments	Future Severance Payments	
	£'000	£'000	£'000	£'000	£'000	£'000
Costs provided for in 2017/18	614	614	319	313		(6)
Costs not provided for in 2017/18	286			55	723	1,064
Total	900	614	319	368	723	1,058
Funded by:						
Directorate						1,058
Corporate Resources						0

8. Use of Corporate Resources

Expenditure of £3.770m incurred by Resources will be met from corporate resources. This is to cover the cost of;

- Interim Support to Monitoring Officer - £0.191m, this has already been agreed and is part of existing ear-marked balances.
- Corporate Legal charges - £0.222m, this has already been agreed and is part of existing ear-marked balance.
- The Graduate Leader Schemes - £0.435m, this has already been agreed and is part of existing ear-marked balances.
- Oracle Licensing - £0.707m, this has already been agreed and is part of existing ear-marked balances;
- ICT Infrastructure Support - £1.338m, this has already been agreed and is part of existing ear-marked balances;
- Digital Transformation - £0.377m, this has already been agreed and is part of existing ear-marked balances.
- Children's Trust contract sum - £0.500m, this is a new request;

Capital

9. Overview

Resources is responsible for the delivery of a number of capital schemes which are detailed in Appendix G5. The projected 2018/19 outturn for these schemes was £1.242m as reported within the Period 9 monitoring to cabinet on 20th February 2019. The actual outturn is £1.056m resulting in a surplus variance of £0.186m. The main reasons for the main variances above £0.100m are detailed below :-

- ICT End User Computing 2 - £0.140m surplus – slippage of resources into 2019/20 This relates to End User Computing and the replacement of laptop, tablet & thin client devices. Rollout will continue in 2019-20.

Virements

There have been no virements between capital schemes during the period.

Section 106 Monies

Resources has no responsibility for Section 106 monies, there is no Appendix G6 for this service.

Contact

Steve Lilley

Business Partner - Finance

0121 569 3863

Area	Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Directorate	377	401	0	0	401	24
Change and Communications	1,343	1,400	0	0	1,400	57
Revenues and Benefits and ICT	8,134	7,546	0	2,422	5,124	(3,010)
Finance	3,538	4,631	0	500	4,131	593
Law & Governance	134	1,175	0	413	762	628
Human Resources	3,614	3,716	0	435	3,281	(333)
Total Net Expenditure	17,140	18,869	0	3,770	15,099	(2,041)
Carry Forward Previously Approved						(1,890)
Adjusted Net Variance After Approved CFwds & RCCO						(151)
Subjective Analysis	Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Employees	27,183	28,911	0	670	28,241	1,058
Premises	850	501	0	0	501	(349)
Transport	124	103	0	0	103	(21)
Supplies & Services	8,888	10,964	0	2,766	8,198	(690)
Third Party Payments	977	1,501	0	334	1,167	190
Transfer Payments	0	0	0	0	0	0
Capital Charges	1,570	1,570	0	0	1,570	0
Capital Financing	0	0	0	0	0	0
	0	0	0	0	0	0
Gross Expenditure	39,592	43,550	0	3,770	39,780	188
Specific Grants	(2,721)	(2,903)	0	0	(2,903)	(182)
Other Grants & Contributions	(900)	(1,606)	0	0	(1,606)	(706)
Fees & Charges	(9,836)	(11,210)	0	0	(11,210)	(1,374)
Recharges in Target	(8,995)	(8,962)	0	0	(8,962)	33
Other Income	0	0	0	0	0	0
Gross Income	(22,452)	(24,681)	0	0	(24,681)	(2,229)
Total Net Expenditure	17,140	18,869	0	3,770	15,099	(2,041)

Resources		Appendix G2 Resources Outturn					
		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Directorate Resources directorate consists of five distinct areas providing a range of functions both front facing and back office. • Communications and Service Improvement • Revenues and Benefits and ICT • Finance • Law and Governance • Human Resources	Employees	480	484	0	0	484	4
	Premises	0	0	0	0	0	0
	Transport	3	0	0	0	0	(3)
	Supplies & Services	13	36	0	0	36	23
	Third Party Payments	0	0	0	0	0	0
	Transfer Payments	0	0	0	0	0	0
	Capital Charges	0	0	0	0	0	0
	Capital Financing	0	0	0	0	0	0
	Total Gross Expenditure	496	520	0	0	520	24
	Specific Grants	0	0	0	0	0	0
	Other Grants & Contributions	0	0	0	0	0	0
	Fees & Charges	(6)	(6)	0	0	(6)	0
	Recharge Income	(113)	(113)	0	0	(113)	0
	Other Income	0	0	0	0	0	0
	Total Gross Income	(119)	(119)	0	0	(119)	0
Net Expenditure	377	401	0	0	401	24	
Communications & Service Imp	Employees	1,540	1,584	0	0	1,584	44
The Communications and Service Improvement team is made up of two divisions, who deliver a wide range of excellent services to all the communities of Sandwell:	Premises	0	0	0	0	0	0
	Transport	6	2	0	0	2	(4)
	Supplies & Services	159	195	0	0	195	36
	Third Party Payments	0	0	0	0	0	0
	Transfer Payments	0	0	0	0	0	0
	Capital Charges	1	1	0	0	1	0
	Capital Financing	0	0	0	0	0	0
	Total Gross Expenditure	1,706	1,782	0	0	1,782	76
	Specific Grants	0	0	0	0	0	0
	Other Grants & Contributions	0	0	0	0	0	0
	Fees & Charges	(22)	(24)	0	0	(24)	(2)
	Recharge Income	(342)	(359)	0	0	(359)	(17)
	Other Income	0	0	0	0	0	0
	Total Gross Income	(364)	(383)	0	0	(383)	(19)
	Net Expenditure	1,342	1,399	0	0	1,399	57

Resources		Appendix G2 Resources Outturn					
		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Revenues & Benefits & ICT	Employees	9,864	9,878	0	44	9,834	(30)
Revenues and Benefits provide the following services: <ul style="list-style-type: none"> • The billing and collection of Council Tax and Non Domestic Rates • General debt recovery • Cashier services • Administration of Housing Benefit, Local Council Tax Reduction, Discretionary Housing Payments and Local Welfare Provision. Information and Communication Technology (ICT) is responsible for a range of activities from the development and review of the council's ICT Strategy to the day-to-day support and maintenance of the ICT infrastructure.	Premises	160	5	0	0	5	(155)
	Transport	19	19	0	0	19	0
	Supplies & Services	4,377	4,874	0	2,044	2,830	(1,547)
	Third Party Payments	965	1,480	0	334	1,146	181
	Transfer Payments	0	0	0	0	0	0
	Capital Charges	1,434	1,434	0	0	1,434	0
	Capital Financing	0	0	0	0	0	0
	Total Gross Expenditure	16,819	17,690	0	2,422	15,268	(1,551)
	Specific Grants	(2,721)	(2,856)	0	0	(2,856)	(135)
	Other Grants & Contributions	(900)	(1,588)	0	0	(1,588)	(688)
	Fees & Charges	(1,886)	(2,467)	0	0	(2,467)	(581)
	Recharge Income	(3,178)	(3,233)	0	0	(3,233)	(55)
	Other Income	0	0	0	0	0	0
	Total Gross Income	(8,685)	(10,144)	0	0	(10,144)	(1,459)
	Net Expenditure	8,134	7,546	0	2,422	5,124	(3,010)
Finance	Employees	4,854	5,398	0	0	5,398	544
Finance Services comprises three areas, all of which are vital in ensuring the financial stability of the council. The three areas are :- <ul style="list-style-type: none"> • Finance, incorporating (1) Financial Reporting & Systems and (2) Financial Management • Audit, Fraud and Risk • Procurement 	Premises	0	2	0	0	2	2
	Transport	10	7	0	0	7	(3)
	Supplies & Services	716	1,251	0	500	751	35
	Third Party Payments	0	0	0	0	0	0
	Transfer Payments	0	0	0	0	0	0
	Capital Charges	0	0	0	0	0	0
	Capital Financing	0	0	0	0	0	0
	Total Gross Expenditure	5,580	6,658	0	500	6,158	578
	Specific Grants	0	0	0	0	0	0
	Other Grants & Contributions	0	0	0	0	0	0
	Fees & Charges	(547)	(399)	0	0	(399)	148
	Recharge Income	(1,496)	(1,629)	0	0	(1,629)	(133)
	Other Income	0	0	0	0	0	0
	Total Gross Income	(2,043)	(2,028)	0	0	(2,028)	15
	Net Expenditure	3,537	4,630	0	500	4,130	593

Resources		Appendix G2 Resources Outturn					
		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Law and Governance	Employees	6,128	6,893	0	191	6,702	574
The Law and Governance Directorate comprises of three thematic areas, delivering a wide range of excellent services to Elected Members and all Council services.	Premises	690	487	0	0	487	(203)
	Transport	83	66	0	0	66	(17)
	Supplies & Services	1,442	2,458	0	222	2,236	794
	Third Party Payments	12	21	0	0	21	9
	Transfer Payments	0	0	0	0	0	0
Thematic areas:	Capital Charges	135	135	0	0	135	0
• Legal and Assurance Services,	Capital Financing	0	0	0	0	0	0
• Registration Services	Total Gross Expenditure	8,490	10,060	0	413	9,647	1,157
• Democracy Services	Specific Grants	0	(47)	0	0	(47)	(47)
	Other Grants & Contributions	0	0	0	0	0	0
	Fees & Charges	(5,954)	(6,642)	0	0	(6,642)	(688)
	Recharge Income	(2,401)	(2,195)	0	0	(2,195)	206
	Other Income	0	0	0	0	0	0
	Total Gross Income	(8,355)	(8,884)	0	0	(8,884)	(529)
	Net Expenditure	135	1,176	0	413	763	628
Human Resources	Employees	4,317	4,674	0	435	4,239	(78)
Human Resources comprise three divisions, delivering a wide range of excellent services to the council:	Premises	0	7	0	0	7	7
• Head of Service which comprises, Learning & Development, Advisory and Resourcing/OH & Employee Benefits Scheme	Transport	3	9	0	0	9	6
	Supplies & Services	2,181	2,150	0	0	2,150	(31)
• Business partners & Policy	Third Party Payments	0	0	0	0	0	0
• Transactional (payroll and all its functions)	Transfer Payments	0	0	0	0	0	0
	Capital Charges	0	0	0	0	0	0
	Capital Financing	0	0	0	0	0	0
	Total Gross Expenditure	6,501	6,840	0	435	6,405	(96)
	Specific Grants	0	0	0	0	0	0
	Other Grants & Contributions	0	(18)	0	0	(18)	(18)
	Fees & Charges	(1,421)	(1,672)	0	0	(1,672)	(251)
	Recharge Income	(1,465)	(1,433)	0	0	(1,433)	32
	Other Income	0	0	0	0	0	0
	Total Gross Income	(2,886)	(3,123)	0	0	(3,123)	(237)
	Net Expenditure	3,615	3,717	0	435	3,282	(333)
	Total Net Expenditure	17,140	18,869	0	3,770	15,099	(2,041)

Resources	Appendix G3 - Sub Analysis		
	Actual Outturn	Annual Target Budget	Variance (Surplus) / Deficit
	£000	£000	£000
Supplies and Services			
Equipment and Furniture	113	193	(80)
Materials & Consumables	191	140	51
Catering	52	54	(2)
Protective Clothing	10	11	(1)
Printing/Stationery	559	975	(416)
Operational Charges	11	29	(18)
Professional Fees & Charges	2,971	3,115	(144)
Legal	1,232	336	896
Cash Collections	43	40	3
Telephone/Postage	304	361	(57)
ICT	3,468	1,882	1,586
Advertising	259	232	27
Court Fees	33	50	(17)
Conferences/Seminar Expenses	34	24	10
Facilities	5	11	(6)
Waste Disposal	71	44	27
Licenses & Subscriptions	164	162	2
Insurance - Premiums	5	0	5
Child Care Vouchers	6	0	6
Civic Events	26	9	17
Compensation	3	0	3
Grants	50	30	20
Bereavement Services	200	162	38
Employee Benefit Scheme	995	924	71
Ranger Services	0	12	(12)
Architects	48	32	16
Planning	3	0	3
Occupational Health	8	2	6
General Recharges	29	21	8
Contribution to Internal Services	49	36	13
Highways Consultancy	19	0	19
Other Supplies & Services	3	1	2
Total Supplies & Services	10,964	8,888	2,076

Resources	Appendix G3 - Sub Analysis		
	Actual Outturn	Annual Target Budget	Variance (Surplus) / Deficit
	£000	£000	£000
Specific Grants			
Housing Subsidy - Benefit Administration Grant	(1,451)	(1,426)	(25)
Council Tax Administration Grant	(586)	(586)	0
NNDR Admin grant for cost of collection 2018-19	(441)	(451)	10
DHP Admin Grant	(98)	(98)	0
Benefit Cap	(63)	(63)	0
Reduced Temp Absence outside Great Britain	(3)	(3)	0
Migrants Access to Benefits (MABs)	(4)	(4)	0
Single Fraud Investigation Service (SFIS)	(6)	(6)	0
Removal of Assessed Income Period (AIP)	(4)	(4)	0
Limiting Support to 2 Children	(6)	(6)	0
UC Implementation support	(19)	(17)	(2)
Assisted Digital Full Service	(22)	(21)	(1)
Severe disability premium and Pension Credit Child changes	(6)	(6)	0
Migration Support	(9)	(9)	0
Northgate uprating - Transition to HB Pymts	(6)	(6)	0
Mixed age couples changes - New Burdens	(4)	(4)	0
Self Employed Review Funding	(14)	(11)	(3)
Verify Earning and Pension Alerts Service 2018	(113)	0	(113)
Individual Electoral Registration (IER)	(48)	0	(48)
Total Specific Grants	(2,903)	(2,721)	(182)

Resources			Appendix G4 Central Items		
Central Item Description	Annual Budget £000	Actual Outturn £000	Use of (Cont to) Earmarked Reserves £000	Use of Corporate Resources £000	Variance (Surplus) / Deficit £000
Local Authority Subs	85	85			0
W'ton: WMCC & WMRE	45	37			(8)
Joint Committee Servicing	19	0			(19)
External Audit Fee	180	237			57
New Homes Bonus Grant	(3,592)	(3,598)			(6)
Business Rates Compensation Grant	(11,633)	(13,453)			(1,820)
Insurance	(395)	(1,669)	(1,483)		209
Bank Charges	225	329			104
Airport Rent Income	(100)	(96)			4
Apprenticeship Levy	480	440			(40)
Past Service Pension Costs	8,600	8,441			(159)
Housing Benefits	501	908			407
Local Welfare Provision	0	209	152	57	(0)
Pensions General	4,729	4,722			(6)
Coroners	335	462			127
Members Allowances	1,351	1,365			14
Special Events	25	5			(20)
Legal Public Law Fees	366	646			280
Templink	(429)	(57)			372
Total	792	(987)	(1,331)	57	(504)
Subjective Analysis					
Employees	21,413	20,246			(1,167)
Premises	35	40			5
Transport	1	6			5
Supplies & Services	4,456	3,942	(1,331)	57	760
Third Party Payments	19	394			375
Transfer Payments	121,038	115,216			(5,822)
Capital Charges	0	0			0
Gross Expenditure	146,963	139,845	(1,331)	57	(5,844)
Specific Grants	(135,762)	(131,746)			4,016
Other Grants & Contributions	(4,135)	(4,577)			(442)
Fees & Charges	(1,095)	(1,353)			(258)
Recharges in Target	(5,164)	(3,108)			2,056
Other Income	(15)	(48)			(33)
Gross Income	(146,171)	(140,832)	0	0	5,340
Total Net Expenditure	791	(987)	(1,331)	57	(504)

Resources				Appendix G5 - Capital	
	Revised 2018/19 Budget as @ Period 9			Actual Outturn 2018/19	(Surplus) / Deficit for the Year
	Main Programme	Self Financing	Total		
	£'000	£'000	£'000	£'000	£'000
<u>Main Programme</u>					
Sandwell Business Services - Development	50	0	50	6	(44)
ICT End User Computing 2	900	0	900	760	(140)
ICT Infrastructure	120	0	120	120	0
ICT Strategy - ICT Equipment	152	0	152	152	0
Sandwell Valley Catering Facility	12	0	12	10	(2)
<u>Thematic Capital Pot</u>					
ICON Project - PC's	8	0	8	8	0
Total Resources	1,242	0	1,242	1,056	(186)

Adult Social Care Financial Outturn 2018/19
1 April 2018 to 31 March 2019

Revenue

1. Overview

The financial outturn for Adult Social Care is a surplus of £6.342m, which can be further analysed as follows:

	Annual Target Budget	Actual Outturn	Use of / (Cont to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Gross Expenditure	187,226	183,323	(301)	0	183,624	(3,603)
Gross Income	(104,287)	(107,026)	0	0	(107,026)	(2,739)
Net Expenditure	82,940	76,296	(301)	0	76,597	(6,342)
Carry Forward Previously Approved Revenue Contribution to Capital (RCCO)						(5,912)
						0
Adjusted Net Variance After Approved CFwds & RCCO						(430)

Further details of the outturn position can be found in Appendix H1. The following table outlines the main reasons for the surplus:

Reasons for Surplus/Deficit	£000
Business Strategy - vacancies and lower than anticipated expenditure on the Health Watch Contract and Interpreter services.	(511)
Commissioning Support Unit - vacancies being held pending service review following the full implementation of the finance modules of the social care IT system.	(334)
External Placements - Additional funding from the Winter Pressure Grant, use of resources brought forward to offset savings target and additional income from residential and nursing charges.	(4,090)
Integrated care Hub - Vacancies while the expanded service recruited additional staff.	(1,060)
Direct Services & Commissioning - variations within the volume based Supporting People contracts and for services supporting Carers.	(704)
Protection - reduced levels of income from Taxi License renewals, additional expenditure on Wardens and additional demand for Deprivation of Liberty Safeguarding (Dols) assessments.	567
Prevention - Vacancies within Floating Support and Community Alarms partly offset by an over spend within the Community Equipment Service, reflecting additional demand from hospital discharges.	(179)
Therapy & Sensory Services - Vacancies within the service area, partly offset by reduced income.	(112)
Social Work Teams - additional time limited staffing to support a number of social care projects.	77
Other net variances	4
Total	(6,342)

The net surplus is requested to be treated as follows: -

Requested Treatment	£000
Carry forward approved in year	5,912
Additional carry forward to 2021/22 to assist in the management of financial risks associated with potential slippage in the delivery of the savings reflected within the 2019-22 budget strategy.	430
Total	6,342

2. Available Target Resources

Target budget resources available to Adult Social Care were £82.940m. This figure reflects the following amendments that have been made since the previously reported monitoring:

Target Budget Resources	£000
Target Budget as per last quarter monitoring	83,012
Target Adjustments -	
Capital Charges Adjustment	(72)
Revised Target Budget Resources	82,940

There have been no additional specific grants received by the directorate since the previously reported monitoring.

3. Virements within the Directorate

No virements of over £0.250m of the approved Gross Expenditure budget between sub divisions within Adult Social Care have been processed since the previously reported monitoring.

4. Variation to projected outturn at Quarter 3

In the Quarter 3 monitoring reported to Cabinet, the projected outturn for Adult Social Care was a surplus of £5.912m, the variance between this and the actual

outturn is a surplus of £0.430m. The following table explains the reason for this variance:

Reasons for variation to projected outturn Q3	£000
Business Strategy - reduced expenditure within the Healthwatch contract and reduced maintenance costs on the social care IT system.	(76)
Commissioning Support Unit - refunding Independent Visitor fees previously charged to Court of Protection clients cost less than projected and there were under spends on a range of office expenditure budgets.	(95)
Social Work staffing costs in Q4 were less than projected, reflecting staff turnover and reduced use of agency staff.	(138)
Direct Services - reduced activity on a range of volume based contracts and lower than expected grants for carer support.	(94)
Other net variances	(27)
Total	(430)

5. Central Items

As the directorate has no responsibility for the management of Central Items there is no Appendix H4 to this report.

6. Earmarked Reserves

The directorate has set aside sums totalling £1.152m in previous years as earmarked reserves for use on specific activities in current and future years. The directorate has not used earmarked reserves during the current year and has created a new reserve for Integrated Care Records resulting in the following balances:

Earmarked Reserve	Balance as at 31 March 2018 £000	Actual Expenditure 2018/19 £000	Remaining Balance 31 March 2019 £000
			0
Taxi Licensing Operational	105	0	105
Adult Social Care Reserve	1,047	0	1,047
Integrated Care Record	0	(301)	301
			0
Total	1,152	(301)	1,453

7. Severance Payments

In 2017/18 a provision of £0.097m was created for severance costs, of which £0.097m has been utilised during 2018/19.

Severance costs of £0.017m, not included in the 2017/18 provision, have been incurred and further costs of £0.147m are expected. All costs will be funded by the directorate.

The following table summarises the position:

	Actual Costs Incurred 2018/19	Provision Created 2017/18		New Provision Created 2018/19		Net cost to service 2018/19
		Utilised	Unutilised	Outstanding Severance Payments	Future Severance Payments	
	£'000	£'000	£'000	£'000	£'000	£'000
Costs provided for in 2017/18	97	97	0	0		0
Costs not provided for in 2017/18	17			32	115	164
Total	114	97	0	32	115	164
Funded by:						
Directorate						164
Corporate Resources						0

8. Use of Corporate Resources

There is no request to fund expenditure incurred by the directorate from corporate resources.

Capital

9. Overview

Adult Social Care is responsible for the delivery of a number of capital schemes which are detailed in Appendix H5. The projected 2018/19 outturn for these schemes was £2.917m as reported within the Period 9 monitoring to cabinet on 20th February 2019. The actual outturn is £3.401m resulting in a variance of £0.484m. The main reasons for the variances above £0.100m are detailed below:

- Grants Private Sector (Disabled Facilities Grant) Mandatory - £0.701m deficit – the programme of works associated with disabled adaptations at various private premises within the Borough has been accelerated in 2018/19, more disabled adaptations were completed than originally planned at Period 9.

10. Virements

There have been no virements between capital schemes during the period.

11. Section 106 Monies

Adult Social Care has no responsibility for Section 106 monies, there is no Appendix H6 for this directorate.

Contact

Charlie Davey

Business Partner - Finance

0121 569 2310

Adult Social Care		Appendix H1 Directorate Outturn				
Area	Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Management Team	1,413	1,416	0	0	1,416	3
Business Strategy	3,371	2,860	0	0	2,860	(511)
Commissioning Support Unit	1,923	1,589	0	0	1,589	(334)
External Placements	61,818	57,727	0	0	57,727	(4,090)
Social Work Teams	5,731	5,808	0	0	5,808	77
Therapy & Sensory Services	223	111	0	0	111	(112)
Better Care Fund	(6,000)	(6,301)	(301)	0	(6,000)	0
Prevention	555	376	0	0	376	(179)
Direct Services & Commissioning	8,636	7,932	0	0	7,932	(704)
Intergrated Care Hub	568	(492)	0	0	(492)	(1,060)
Protection	4,703	5,269	0	0	5,269	567
Total Net Expenditure	82,940	76,296	(301)	0	76,597	(6,342)
Carry Forward Previously Approved Revenue Contribution to Capital (RCCO)						(5,912)
						0
Adjusted Net Variance After Approved CFwds & RCCO						(430)
Subjective Analysis	Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Employees	33,852	33,671	0	0	33,671	(181)
Premises	1,191	934	0	0	934	(258)
Transport	713	685	0	0	685	(29)
Supplies & Services	38,048	39,345	0	0	39,345	1,297
Third Party Payments	98,598	95,868	(301)	0	96,169	(2,429)
Transfer Payments	10,504	8,501	0	0	8,501	(2,003)
Capital Charges	4,319	4,319	0	0	4,319	0
Capital Financing	0	0	0	0	0	0
Gross Expenditure	187,226	183,323	(301)	0	183,624	(3,603)
Specific Grants	(20,612)	(20,613)	0	0	(20,613)	(1)
Other Grants & Contributions	(29,677)	(30,862)	0	0	(30,862)	(1,185)
Fees & Charges	(16,352)	(17,201)	0	0	(17,201)	(849)
Recharges in Target	(34,404)	(35,109)	0	0	(35,109)	(705)
Other Income	(3,241)	(3,241)	0	0	(3,241)	0
Gross Income	(104,287)	(107,026)	0	0	(107,026)	(2,739)
Total Net Expenditure	82,940	76,296	(301)	0	76,597	(6,342)

Adult Social Care		Appendix H2 Directorate Outturn					
		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Management Team	Employees	867	859			859	(8)
The directorate Management Team, incorporating the Executive Director, Director and Service Managers.	Premises	0	0			0	0
	Transport	1	3			3	2
	Supplies & Services	114	123			123	9
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	431	431			431	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	1,413	1,416	0	0	1,416	3
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	0	0			0	0
	Recharge Income	0	0			0	0
	Other Income	0	0			0	0
	Total Gross Income	0	0	0	0	0	0
Net Expenditure	1,413	1,416	0	0	1,416	3	
Business Strategy	Employees	3,198	2,841			2,841	(357)
Incorporates the service wide Business Support, Communications and Performance Improvement functions and the Sandwell Safeguarding Adults Board.	Premises	7	0			0	(7)
	Transport	9	1			1	(8)
	Supplies & Services	853	742			742	(111)
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	0	0			0	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	4,067	3,585	0	0	3,585	(482)
	Specific Grants	(218)	(218)			(218)	(0)
	Other Grants & Contributions	(158)	(160)			(160)	(2)
	Fees & Charges	0	(50)			(50)	(50)
	Recharge Income	(320)	(297)			(297)	23
	Other Income	0	0			0	0
	Total Gross Income	(696)	(725)	0	0	(725)	(29)
Net Expenditure	3,371	2,860	0	0	2,860	(511)	
Commissioning Support Unit	Employees	2,306	1,980			1,980	(326)
Contract Management, management of the relationship with the external care market and a range of Financial Services including the Appointeeship Unit.	Premises	0	0			0	0
	Transport	6	3			3	(2)
	Supplies & Services	77	50			50	(28)
	Third Party Payments	0	0			0	0
	Transfer Payments	0	14			14	14
	Capital Charges	0	0			0	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	2,389	2,047	0	0	2,047	(342)
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	(5)			(5)	(5)
	Fees & Charges	(244)	(231)			(231)	13
	Recharge Income	(222)	(222)			(222)	0
	Other Income	0	0			0	0
	Total Gross Income	(466)	(458)	0	0	(458)	8
Net Expenditure	1,923	1,589	0	0	1,589	(334)	

		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
External Placements	Employees	(1,862)	0			0	1,862
Externally commissioned packages of care and support for adults with assessed care needs.	Premises	0	6			6	6
	Transport	61	131			131	71
	Supplies & Services	4,794	259			259	(4,535)
	Third Party Payments	79,396	81,421			81,421	2,025
	Transfer Payments	10,295	8,183			8,183	(2,112)
	Capital Charges	0	0			0	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	92,684	90,001	0	0	90,001	(2,683)
	Specific Grants	(2,250)	(2,249)			(2,249)	0
	Other Grants & Contributions	(4,668)	(4,529)			(4,529)	139
	Fees & Charges	(13,514)	(14,257)			(14,257)	(743)
	Recharge Income	(10,435)	(11,238)			(11,238)	(803)
	Other Income	0	0			0	0
	Total Gross Income	(30,867)	(32,273)	0	0	(32,273)	(1,407)
Net Expenditure	61,818	57,727	0	0	57,727	(4,090)	
Social Work Teams	Employees	5,905	5,993			5,993	89
Social Work Teams operating in a range of settings, including the Mental Health and Community services	Premises	0	7			7	7
	Transport	28	21			21	(7)
	Supplies & Services	172	159			159	(12)
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	331	330			330	(0)
	Capital Financing	0	0			0	0
	Total Gross Expenditure	6,435	6,512	0	0	6,512	77
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	(66)	(65)			(65)	1
	Recharge Income	(638)	(638)			(638)	0
	Other Income	0	0			0	0
	Total Gross Income	(704)	(704)	0	0	(704)	1
Net Expenditure	5,731	5,808	0	0	5,808	77	
Therapy & Sensory Services	Employees	1,437	1,132			1,132	(305)
Occupational therapists, prevention assessors and the provision of guidance and support to adults with sensory impairment.	Premises	367	236			236	(131)
	Transport	23	14			14	(9)
	Supplies & Services	155	141			141	(14)
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	0	0			0	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	1,983	1,523	0	0	1,523	(460)
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	0	(0)			(0)	(0)
	Recharge Income	(1,760)	(1,412)			(1,412)	348
	Other Income	0	0			0	0
	Total Gross Income	(1,760)	(1,412)	0	0	(1,412)	348
Net Expenditure	223	111	0	0	111	(112)	

		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Better Care Fund	Employees	428	289			289	(139)
A Pool Budget hosted by the local authority and managed in partnership with the Sandell & West Birmingham CCG. The main focus is the management of patient flow through the promotion of independence, hospital avoidance, timely discharge and a range of reablement opportunities.	Premises	200	4			4	(195)
	Transport	0	1			1	1
	Supplies & Services	25,647	31,348			31,348	5,701
	Third Party Payments	16,996	12,480	(301)		12,781	(4,215)
	Transfer Payments	0	0			0	0
	Capital Charges	0	0			0	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	43,271	44,122	(301)	0	44,423	1,153
	Specific Grants	(17,939)	(17,939)			(17,939)	(0)
	Other Grants & Contributions	(24,583)	(25,735)			(25,735)	(1,152)
	Fees & Charges	0	0			0	0
	Recharge Income	(6,749)	(6,749)			(6,749)	(0)
	Other Income	0	0			0	0
	Total Gross Income	(49,271)	(50,423)	0	0	(50,423)	(1,153)
Net Expenditure	(6,000)	(6,301)	(301)	0	(6,000)	0	
Prevention	Employees	2,847	2,490			2,490	(357)
A range of services mainly funded by the Better Care Fund which support people to remain independent in their own homes or to return home after a period in hospital or a residential care setting.	Premises	171	152			152	(19)
	Transport	63	48			48	(14)
	Supplies & Services	1,133	1,624			1,624	491
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	37	37			37	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	4,252	4,353	0	0	4,353	101
	Specific Grants	0	0			0	0
	Other Grants & Contributions	(52)	(77)			(77)	(25)
	Fees & Charges	(481)	(559)			(559)	(77)
	Recharge Income	(3,163)	(3,340)			(3,340)	(177)
	Other Income	0	0			0	0
	Total Gross Income	(3,697)	(3,976)	0	0	(3,976)	(280)
Net Expenditure	555	376	0	0	376	(179)	
Direct Services & Commissioning	Employees	6,439	6,467			6,467	28
The Commissioning Team, support to Carers, grant support to the voluntary sector and a range of directly provided care services (residential & daycare).	Premises	222	238			238	16
	Transport	120	113			113	(8)
	Supplies & Services	3,009	2,705			2,705	(304)
	Third Party Payments	2,206	1,967			1,967	(239)
	Transfer Payments	209	304			304	95
	Capital Charges	170	170			170	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	12,375	11,964	0	0	11,964	(411)
	Specific Grants	0	0			0	0
	Other Grants & Contributions	(116)	(262)			(262)	(146)
	Fees & Charges	(317)	(399)			(399)	(82)
	Recharge Income	(3,306)	(3,371)			(3,371)	(65)
	Other Income	0	0			0	0
	Total Gross Income	(3,739)	(4,032)	0	0	(4,032)	(292)
Net Expenditure	8,636	7,932	0	0	7,932	(704)	

		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Intergrated Care Hub	Employees	6,395	5,563			5,563	(832)
The social work teams supporting hospital discharges and the Short Term Assessment & Reablement Team (STAR) which provides time limited support for people in their own home following a stay in hospital.	Premises	149	164			164	15
	Transport	114	64			64	(50)
	Supplies & Services	191	223			223	32
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	0	0			0	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	6,849	6,013	0	0	6,013	(835)
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	(92)			(92)	(92)
	Fees & Charges	0	(131)			(131)	(131)
	Recharge Income	(6,280)	(6,282)			(6,282)	(2)
Other Income	0	0			0	0	
Total Gross Income	(6,280)	(6,505)	0	0	(6,505)	(224)	
Net Expenditure	568	(492)	0	0	(492)	(1,060)	
Protection							
A range of services responsible for protecting Sandwell residents and communities by ensuring businesses, landlords, residents and people working in the borough abide by the laws and regulations applicable to the wide array of activities they are involved in.	Employees	5,893	6,057			6,057	164
	Premises	75	125			125	50
	Transport	289	285			285	(5)
	Supplies & Services	1,902	1,971			1,971	69
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	3,350	3,350			3,350	(0)
	Capital Financing	0	0			0	0
	Total Gross Expenditure	11,510	11,787	0	0	11,787	278
	Specific Grants	(206)	(206)			(206)	(0)
	Other Grants & Contributions	(100)	(2)			(2)	98
	Fees & Charges	(1,730)	(1,509)			(1,509)	221
Recharge Income	(1,531)	(1,560)			(1,560)	(29)	
Other Income	(3,241)	(3,241)			(3,241)	0	
Total Gross Income	(6,807)	(6,518)	0	0	(6,518)	289	
Net Expenditure	4,703	5,269	0	0	5,269	567	

Adult Social Care	Appendix H3 - Sub Analysis		
	Actual Outturn	Annual Target Budget	Variance (Surplus) / Deficit
	£000	£000	£000
Supplies and Services			
Better Care Fund Pool Budget	31,299	25,647	5,652
Surplus brought forward from previous years	0	5,512	(5,512)
Voluntary Sector Grants	2,778	2,918	(139)
Purchase of Equipment (including Community Equipment store)	1,857	1,372	485
Depreciation of Liberty Safeguarding (DoLS)	769	119	650
ICT	419	541	(122)
Professional Services (Medical, Legal, Architects, Training)	890	455	435
Printing & Stationery	249	377	(128)
Internal recharging within ASC	376	316	60
Phones & Postage	238	289	(51)
Catering (including Community meals)	216	233	(18)
Cleaning & Medical Waste Removal	118	137	(19)
Hire of community venues	31	48	(17)
Advertising & Publicity	15	41	(26)
Subscriptions	56	25	31
Conference Expenses	15	12	2
Translation Services	14	3	11
Other supplies & services	4	1	2
Total Supplies & Services	39,345	38,048	1,297
Specific Grants			
Improved Better Care Fund (iBCF)	(16,091)	(16,091)	0
Winter Pressures Grant	(1,848)	(1,848)	0
Adult Social Care Support Grant	(1,155)	(1,155)	0
Independent Living Fund	(1,058)	(1,058)	0
Local Reform & Community Voices Grant	(257)	(256)	(1)
Controlling Migration Funding	(167)	(167)	0
War pensions Scheme disregards	(37)	(37)	0
Total Specific Grants	(20,613)	(20,612)	(1)
Other Income			
Deferred Charges	(3,241)	(3,241)	0
Total Other Income	(3,241)	(3,241)	0

Adult Social Care				Appendix H5 - Capital	
	Revised 2018/19 Budget as @ Period 9			Actual Outturn 2018/19	(Surplus) / Deficit for the Year
	Main Programm e	Self Financing	Total		
	£'000	£'000	£'000		
<u>Main Programme</u>					
Vulnerable Home Owners Improvements - HMRA Receipts	50	0	50	0	(50)
New Social Care & Health Centre - Rowley Regis Empty Properties	0	0	0	52	52
Housing stock Condition Survey - Private Sector	100	0	100	77	(23)
Swift Impress System (Earmarked Revenue Balance)	29	0	29	0	(29)
	90	0	90	30	(60)
<u>Thematic Capital Pot</u>					
Thematic - Disability Day	9	0	9	1	(8)
<u>Grants / Self Financing</u>					
ILC Alterations	0	80	80	0	(80)
Grants Private Sector (Disabled Facilities Grant) Mandatory	0	2,499	2,499	3,200	701
Contaminated Land Grant	0	20	20	5	(15)
Air Quality Monitoring Grant	0	32	32	21	(11)
Warm Homes Healthy People	0	8	8	15	7
Total Adult Social Care	278	2,639	2,917	3,401	484

Regeneration & Growth Financial Outturn 2018/19
1 April 2018 to 31 March 2019

Revenue

1. Overview

The financial outturn for Regeneration & Growth is a surplus of £0.869m, which can be further analysed as follows:

	Annual Target Budget	Actual Outturn	Use of / (Cont to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Gross Expenditure	53,293	53,185	(314)	1,050	52,449	(844)
Gross Income	(28,814)	(28,823)	16	0	(28,839)	(25)
Net Expenditure	24,479	24,362	(298)	1,050	23,610	(869)
Carry Forward Previously Approved Revenue Contribution to Capital (RCCO)						(233) 0
Adjusted Net Variance After Approved CFwds & RCCO						(636)

Further details of the outturn position can be found in Appendix I1 and I2. The table below outlines the main reasons for the surplus:

Reasons for Surplus/Deficit	£000
Site investigations and land remediation - delays in preliminary works	(214)
Economic Regeneration and Planning Services - vacancies held to support planned restructuring	(220)
Planning & Building Control - additional planning fee income	(64)
Office Accommodation leased buildings - potential backdated rent payments were less than expected.	(154)
Office Accommodation owned buildings - additional income reflecting lower than anticipated empty office space and lower than expected utility costs at some buildings.	(338)
Property Services - largely related to business rates and insurance costs.	(94)
Markets - mainly reduced income from stall rental.	329
Corporate Property - committed building works improvements still to be completed	(260)
Property Maintenance - additional building repairs.	364
Highways Maintenance - additional resurfacing and repair work	240
Car parking - additional net income	(186)
Management - project funding to support reviews and service restructuring not fully used.	(203)
Other net variance	(69)
Total	(869)

The surplus is requested to be treated as follows:

Requested Treatment	£000
Carry forward approved in year	233
2019/20 carry forward requests	
- Land remediation Feasibility Studies	153
- Site investigations	61
- Building Improvements	255
- Balance to support directorate priorities and to manage the risks of variations in the 2019/20 savings programme	167
Total	869

2. Available Target Resources

Target budget resources available to Regeneration & Growth were £24.479m. This figure reflects the following amendments that have been made since the previously reported monitoring:

Target Budget Resources	£000
Target Budget as per last quarter monitoring	24,497
Target Adjustments -	
Capital financing charges amendments :	
Expenditure	(79)
Income	61
Revised Target Budget Resources	24,479

There have been no additional specific grants received by the directorate since the previously reported monitoring.

3. Virements within the Directorate

There have been no virements of over £0.250m between sub divisions within Regeneration & Growth since the previously reported monitoring.

4. Variation to projected outturn at Quarter 3

In the Quarter 3 monitoring reported to Cabinet, the projected outturn for Regeneration & Growth was a surplus of £0.233m, the variance between this and the actual outturn is a surplus of £0.636m. The following table highlights the reason for this variance:

Reasons for variation to projected outturn Q3	£000
<u>Growth & Spatial Planning</u>	
Strategic Policy & Transportation - variance in completion of preliminary redevelopment works	(59)
<u>Development Planning and Building Control</u>	
Building and Land Charges planning fees income higher than forecast	(64)
<u>Strategic Assets and Land</u>	
Leased Office Accommodation - outcome of rent negotiations not known until late in financial year	(124)
The income from external lettings was higher than projections; a number of tenancies continued longer than anticipated.	(430)
Property Services Management - a planned Commercial Strategy Review was deferred until 2019/20.	(90)
<u>Highway Services</u>	
A number of significant road resurfacing improvements were approved and completed during Q4.	277
Income from Car Parking and Bus Lane Enforcement was less than projections.	73
<u>Management</u>	
Deferral of planned project and investment reviews	(167)
<u>Other - net</u>	(52)
Total	(636)

5. Central Items

The directorate has responsibility for the management of a Central Item that is detailed in Appendix I4.

The actual outturn for this item is a surplus of £0.185m.

The main reason for this surplus is outlined below: -

Reasons for Surplus/Deficit - Central Items	£000
Reduced charges linked to the Carbon Reduction scheme	(185)
Total	(185)

6. Earmarked Reserves

The directorate has set aside sums totalling £1.191m in previous years as earmarked reserves for use on specific activities in current and future years. The directorate has made a net contribution of £0.298m to earmarked reserves during the current year leaving the following balances:

Earmarked Reserve	Balance as at 31 March 2018 £000	Actual Expenditure 2018/19 £000	Remaining Balance 31 March 2019 £000
Sandwell Business Loans Fund	16	16	0
West Midlands Regional Research	343	56	287
Sinking Fund RBC building	326	(106)	432
Sinking Fund Central 6th building	506	(264)	770
Total	1,191	(298)	1,489

7. Severance Payments

In 2017/18 a provision of £0.508m was created for severance costs of which £0.358m has been utilised during 2018/19.

Severance costs of £0.167m, not included in the 2017/18 provision have been incurred and further costs of £1.029m are expected.

There will be total additional net severance costs of £1.046m of which £0.880m will be met from corporate resources with the remaining £0.166m being funded from the directorate.

The table below summarises the position:

	Actual Costs Incurred 2018/19	Provision Created 2017/18		New Provision Created 2018/19		Net cost to service 2018/19
		Utilised	Unutilised	Outstanding Severance Payments	Future Severance Payments	
	£'000	£'000	£'000	£'000	£'000	£'000
Costs provided for in 2017/18	358	358	150	98		(52)
Costs not provided for in 2017/18	167			103	828	1,098
Total	525	358	150	201	828	1,046
Funded by:						
Directorate						166
Corporate Resources						880

Use of Corporate Resources

Expenditure of £1.050m incurred by Regeneration & Economy will be met from corporate resources. This is to cover the severance costs (£0.880m) and building improvements agreed to be funded from earmarked corporate balances (£0.170m).

Capital

Regeneration & Growth is responsible for the delivery of capital schemes which are detailed in Appendix I5. The projected 2018/19 outturn for these schemes was £9.209m as reported within the Period 9 monitoring to cabinet on 20th February 2019. The actual outturn is £11.043m resulting in a variance of £1.834m. The main reasons for the variances above £0.100m are detailed below:

- BSF – Schools for the Future - £0.105m surplus – slippage of resources into 2019/20 to continue with the works at Perryfields High School.
- Property Refurbishment - £0.261m deficit – Refurbishment works in relation to the agile working areas at the Sandwell Council House have advanced quicker than expected at Period 9.
- Street Lighting SOX to LED Conversion - £0.315m deficit – this relates to a new capital scheme that had Cabinet approval after the Period 9 monitoring was reported.

- Shaftesbury House Demolition - £0.716m deficit – after the P9 reporting it was decided to capitalise the demolition costs associated with Shaftesbury House, West Bromwich.
- Local Transport Plan Direct Grant - £0.313m surplus – slippage of resources into 2019/20 to continue a programme of works in relation to carriageway maintenance.
- Additional Highways Maintenance Funding - £1.420m deficit – a late announcement and approval by the Department for Transport (DFT) to provide us with an additional £1.4m for Highways Maintenance works in 2018/19.
- Children’s Trust Accommodation Works (DFE) - £0.249m surplus – slippage of resources into 2019/20 to continue any capital works associated with the Children’s Trust.

Virements

There have been no virements between capital schemes during the period.

Section 106 Monies

Regeneration & Growth has responsibility for Section 106 monies, details are provided in Appendix I6.

Contact

Charlie Davey
Business Partner - Finance
0121 569 2310

Regeneration and Growth				Appendix I1 Directorate Outturn		
Area	Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Growth and Spatial Planning	2,331	2,112	72	92	1,948	(383)
Development Planning and Building Control	712	964	0	391	573	(139)
Strategic Assets and Land	5,577	5,589	(370)	515	5,444	(133)
Highway Services	15,281	15,335	0	0	15,335	54
Management	578	362	0	52	310	(268)
Total Net Expenditure	24,479	24,362	(298)	1,050	23,610	(869)
Carry Forward Previously Approved Revenue Contribution to Capital (RCCO)						(233) 0
Adjusted Net Variance After Approved CFwds & RCCO						(636)
Subjective Analysis	Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Employees	13,252	13,539	40	880	12,619	(633)
Premises	10,917	12,258	(370)	170	12,458	1,541
Transport	246	272	0	0	272	26
Supplies & Services	18,784	17,048	16	0	17,032	(1,752)
Third Party Payments	30	5	0	0	5	(25)
Transfer Payments	1	0	0	0	0	(1)
Capital Charges	10,063	10,063	0	0	10,063	0
Capital Financing	0	0	0	0	0	0
Gross Expenditure	53,293	53,185	(314)	1,050	52,449	(844)
Specific Grants	(269)	(166)	0	0	(166)	103
Other Grants & Contributions	(572)	(400)	0	0	(400)	172
Fees & Charges	(16,889)	(17,937)	0	0	(17,937)	(1,048)
Recharges in Target	(11,072)	(10,308)	16	0	(10,324)	748
Other Income	(12)	(12)	0	0	(12)	0
Gross Income	(28,814)	(28,823)	16	0	(28,839)	(25)
Total Net Expenditure	24,479	24,362	(298)	1,050	23,610	(869)

Regeneration and Growth		Appendix I2 Directorate Outturn					
		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Growth and Spatial Planning	Employees	2,118	2,052	40	92	1,920	(198)
This includes regeneration, strategic policy, transportation, housing and partnerships.	Premises	0	1			1	1
	Transport	10	4			4	(6)
	Supplies & Services	1,233	806	16		790	(443)
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	13	13			13	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	3,374	2,876	56	92	2,728	(646)
	Specific Grants	(202)	(112)			(112)	90
	Other Grants & Contributions	(338)	(128)			(128)	210
	Fees & Charges	(18)	(32)			(32)	(14)
	Recharge Income	(473)	(480)	16		(496)	(23)
	Other Income	(12)	(12)			(12)	0
	Total Gross Income	(1,043)	(764)	16	0	(780)	263
Net Expenditure	2,331	2,112	72	92	1,948	(383)	
Development Planning and Building C	Employees	1,989	2,296		391	1,905	(84)
This includes development management, building consultancy, systems and services and land charges.	Premises	2	1			1	(1)
	Transport	10	10			10	0
	Supplies & Services	277	262			262	(15)
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	3	3			3	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	2,281	2,572	0	391	2,181	(100)
	Specific Grants	(28)	0			0	28
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	(1,445)	(1,464)			(1,464)	(19)
	Recharge Income	(96)	(144)			(144)	(48)
	Other Income	0	0			0	0
	Total Gross Income	(1,569)	(1,608)	0	0	(1,608)	(39)
Net Expenditure	712	964	0	391	573	(139)	
Strategic Assets and Land	Employees	6,182	6,435		345	6,090	(92)
This includes asset management, facilities management, urban design and building services, development and commercial property and markets.	Premises	10,142	11,534	(370)	170	11,734	1,592
	Transport	48	36			36	(12)
	Supplies & Services	5,337	3,950			3,950	(1,387)
	Third Party Payments	20	5			5	(15)
	Transfer Payments	1	0			0	(1)
	Capital Charges	1,508	1,508			1,508	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	23,238	23,468	(370)	515	23,323	85
	Specific Grants	0	0			0	0
	Other Grants & Contributions	(135)	(188)			(188)	(53)
	Fees & Charges	(11,433)	(11,666)			(11,666)	(233)
	Recharge Income	(6,093)	(6,025)			(6,025)	68
	Other Income	0	0			0	0
	Total Gross Income	(17,661)	(17,879)	0	0	(17,879)	(218)
Net Expenditure	5,577	5,589	(370)	515	5,444	(133)	

		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Highway Services	Employees	2,719	2,478			2,478	(241)
This includes car parking, flood protection, highways maintenance, road casualty reduction, highways planning and development, engineers and highways consultancy and traffic management and road safety.	Premises	773	722			722	(51)
	Transport	178	222			222	44
	Supplies & Services	11,529	11,862			11,862	333
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	8,539	8,539			8,539	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	23,738	23,823	0	0	23,823	85
	Specific Grants	(39)	(54)			(54)	(15)
	Other Grants & Contributions	(15)	0			0	15
	Fees & Charges	(3,993)	(4,775)			(4,775)	(782)
	Recharge Income	(4,410)	(3,659)			(3,659)	751
	Other Income	0	0			0	0
	Total Gross Income	(8,457)	(8,488)	0	0	(8,488)	(31)
Net Expenditure	15,281	15,335	0	0	15,335	54	
Management	Employees	244	278		52	226	(18)
This relates to the post of Area Director and a number of centralised budgets within the Directorate.	Premises	0	0			0	0
	Transport	0	0			0	0
	Supplies & Services	408	168			168	(240)
	Third Party Payments	10	0			0	(10)
	Transfer Payments	0	0			0	0
	Capital Charges	0	0			0	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	662	446	0	52	394	(268)
	Specific Grants	0	0			0	0
	Other Grants & Contributions	(84)	(84)			(84)	0
	Fees & Charges	0	0			0	0
	Recharge Income	0	0			0	0
	Other Income	0	0			0	0
	Total Gross Income	(84)	(84)	0	0	(84)	0
Net Expenditure	578	362	0	52	310	(268)	

Regeneration and Growth	Appendix I3 - Sub Analysis		
	Actual Outturn	Annual Target Budget	Variance (Surplus) / Deficit
	£000	£000	£000
Supplies and Services			
Operational Services	6,776	4,631	2,145
Architects & Building Services	1,948	1,909	39
Highways Maintenance	1,896	2,055	(159)
Professional Services	1,585	2,349	(764)
Engineers Fees	1,163	995	168
Car Parking Contract	1,145	1,095	50
Equipment & Furniture	479	402	77
ICT	434	445	(11)
Postages	409	325	84
Subscriptions	196	101	95
Materials & Consumables	184	667	(483)
Waste Disposal & Hygiene Services	140	138	2
Printing & Stationery	129	98	31
Legal	126	56	70
Advertising & Publicity	105	130	(25)
Groundcare Recharges	104	145	(41)
Telephones	56	48	8
Provision for Bad Debts	51	0	51
Catering	20	26	(6)
Other Internal Recharges	20	30	(10)
Licences	17	16	1
Grants	16	144	(128)
Civic Events	14	14	0
Pest Control	11	5	6
Protective Clothing	10	20	(10)
Cash Collections & Bank Charges	7	7	0
Conference Expenses	7	6	1
Carry forward	0	2,927	(2,927)
Total Supplies & Services	17,048	18,784	(1,736)
Specific Grants			
ERDF AIM - Business support	(89)	(48)	(41)
Bikeability Grant	(39)	(23)	(16)
Sandwell Housing Zone- Capacity Funding	(19)	(155)	136
Section 31 Local Support Services Grant - Flood Protection	(15)	(15)	0
New burdens grant - brownfield registers	(4)	0	(4)
New burdens grant - Land Registry searches	0	(28)	28
Total Specific Grants	(166)	(269)	103
Other Income			
Deferred Charges Govt Grant	(12)	(12)	0
Total Other Income	(12)	(12)	0

Regeneration and Growth				Appendix 14 Central Items	
Central Item Description	Annual Budget	Actual Outturn	Use of (Cont to) Earmarked Reserves	Use of Corporate Resources	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000
Carbon Reduction - Energy Efficiency	300	115			(185)
Total	300	115	0	0	(185)
Subjective Analysis					
Employees					
Premises	0	9			9
Transport					0
Supplies & Services	300	106			(194)
Third Party Payments					0
Transfer Payments					0
Capital Charges					0
Gross Expenditure	300	115	0	0	(185)
Specific Grants					0
Other Grants & Contributions					0
Fees & Charges					0
Recharges in Target					0
Other Income					0
Gross Income	0	0	0	0	0
Total Net Expenditure	300	115	0	0	(185)

	Revised 2018/19 Budget as @ Period 9			Actual Outturn 2018/19 £'000	(Surplus) / Deficit for the Year £'000
	Main Programme	Self Financing	Total		
	£'000	£'000	£'000		
Main Programme					
Section 106 Monies - Lyng Lane	15	0	15	0	(15)
Reservoirs Act	20	0	20	9	(11)
College Relocation of Car Parking Costs	14	0	14	0	(14)
West Bromwich Town Square Development	6	0	6	0	(6)
SOHO Foundry	21	0	21	0	(21)
Living Landscapes - Green Bridge P1	16	0	16	0	(16)
Living Landscapes - Green Bridge P2	15	0	15	0	(15)
BSF - Schools for the Future	428	0	428	323	(105)
Property Refurbishment	1,531	0	1,531	1,792	261
Pothole Fund - Council Pot	240	0	240	240	0
Soldiers of India Monument	145	0	145	145	0
Access Fund	307	0	307	295	(12)
Birchley Island	100	0	100	110	10
Street Lighting SOX to LED Conversion	0	0	0	315	315
Multi Storey Car Park Demolition	0	0	0	2	2
Shaftesbury House Demolition	0	0	0	716	716
Crosswells Road Depot Demolition	0	0	0	21	21
Gas Showroom Demolition	0	0	0	71	71
Smethwick Sports Hall Demolition	0	0	0	5	5
Jervoise Lane Toilet Block Demolition	0	0	0	24	24
Bear Junction Upgrade	10	0	10	0	(10)
Brindley II	21	0	21	0	(21)
Temporary Transit Site - Gypsy	5	0	5	0	(5)
Smethwick Council House - Boiler Replacement	4	0	4	0	(4)
Prudential Borrowing					
Hill Top Demolition	3	0	3	0	(3)
1 Providence Place	2	0	2	0	(2)
Eastern Gateway	1	0	1	1	0
Thematic Capital Pot					
Idox Public Access & Consultee Access Modules	7	0	7	0	(7)
H&S Compliance with Construction	8	0	8	0	(8)
Grants / Self Financing					
Local Transport Plan - Direct Grant	0	4,998	4,998	4,685	(313)
Additional Highways Maintenance Funding	0	0	0	1,420	1,420
Woods Lane Re-Development - Growth Fund	0	300	300	374	74
Children's Trust Accommodation Works (DFE)	0	280	280	31	(249)
Jervoise Lane West Bromwich Toilet Block	0	0	0	9	9
BSF Schools for the Future	0	74	74	0	(74)
Mobile Working	0	41	41	0	(41)
Section 106					
A41 Expressway / A4031 All Saints Way Junction	0	509	509	427	(82)
Regional Housing Board Allocations					
Carrington Rd Shops Demolition	0	20	20	16	(4)
School / Carrington Road	0	35	35	0	(35)
Queslade Bungalows Demolition	0	6	6	0	(6)
New Build / Supported Housing	0	27	27	12	(15)
Total Regeneration & Growth	2,919	6,290	9,209	11,043	1,834

Regeneration & Growth		Appendix I6 Section 106 Monitoring		
Scheme	Description of Project	Balance Available @ 01/04/18	Outturn for 2018/19	Balance Remaining @ 31/03/19
		£	£	£
Roway Lane Development	Contribution to improvement works at the Fountain Land / Bromford Road junction	48,000	0	48,000
A41 Expressway / A4031 All Saints Way Junction	Contribution from TESCO towards the overall cost of the A41 Expressway / A4031 All Saints Way Junction scheme.	1,209,000	427,000	782,000
Former Churchfields School, All Saints Way, West Bromwich	Erection of 182 dwellings, 3no 100m x 60m football pitches, changing room facilities together with associated road and sewer.	17,000	0	17,000
Land at Alexandra Road and Upper Church Lane, Tipton	Affordable Housing	603,000	0	603,000
High St / Dartmouth St West Bromwich (was Laing but now Taylor Wimpy)	Affordable Housing	12,000	0	12,000
Land at Seymour Road, Oldbury	Affordable Housing	91,000	0	91,000
Land at Summerton Road, Oldbury	Affordable Housing	28,000	0	28,000
Land off Spon Lane West Bromwich DC/08/49057	Highways Contribution	447,000	0	447,000
TESCO - West Bromwich	Planning / Environmental Health contribution	50,000	0	50,000
Sandwell Road West Bromwich DC/09/51649	Public Realm / Highways Contribution	175,000	0	175,000
Ashes Road Oldbury DC/14/57470	Ashes Road Oldbury Contribution	336,000	0	336,000
Rattlechain Oldbury DC/14/57737	Affordable Housing	210,000	0	210,000
Upper Church Lane Tipton DC/09/50926	Planning Contribution	32,000	0	32,000
Land off Mill Street Tipton DC/15/58921	Affordable Housing	290,000	0	290,000
Grand Total		3,548,000	427,000	3,121,000

Housing & Communities Financial Outturn 2018/19
1 April 2018 to 31 March 2019

Revenue

1. Overview

The financial outturn for Housing and Communities is a surplus of £0.345m, which can be further analysed as follows:

	Annual Target Budget	Actual Outturn	Use of / (Cont to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Gross Expenditure	35,088	35,925	95	1,421	34,409	(679)
Gross Income	(16,450)	(16,116)	0	0	(16,116)	334
Net Expenditure	18,638	19,809	95	1,421	18,293	(345)
Carry Forward Previously Approved Revenue Contribution to Capital (RCCO)						0
						100
Adjusted Net Variance After Approved CFwds & RCCO						(245)

Further details of the outturn position can be found in Appendix J1 and J2. The table below outlines the main reasons for the surplus:

Reasons for Surplus/Deficit	£000
Homelessness - a rising number of people needing to be placed in temporary accommodation	250
Garages - higher rental income and reduced management and repair costs	(102)
Welfare Rights and Community Safety - mainly employee savings pending restructuring and recruitment	(99)
Community Partnerships - reduced level of grant payments and higher than expected income	(71)
Museums - significant back-dated rates revaluation repayments	(119)
Libraries - mainly increased rates and premises insurance costs.	79
PE & Sports - final tranche of grant income received for completed Community Activity Network and reduced premises costs linked to the West Bromwich sports centre	(65)
Sandwell Valley and Events - additional premises related costs (rates & insurances) and a shortfall in income linked to challenging income targets for 2018/19.	81
Green Services - mainly some employee and supplies and services savings	(42)
Fleet - additional income particularly from Serco maintained vehicles	(88)
Customer Services - employee savings from restructured service	(280)
Local Area Budgets and other grant funding to town areas not fully spent by year end	(103)
Severance costs funded by the directorate	248
Other net variance	(34)
Total	(345)

The net surplus is requested to be treated as follows: -

Requested Treatment	£000
Museums RCCO approved in year	100
<u>2019/20 Carry Forward Requests:</u>	
Local town grants	103
Communities team grants	30
Fleet - additional borrowing costs	88
Balance to support directorate priorities	24
Total	345

2. Available Target Resources

Target budget resources available to Housing and Communities were £18.638m. This figure reflects the following amendments that have been made since the previously reported monitoring:

Target Budget Resources	£000
Target Budget as per last quarter monitoring	18,687
Target Adjustments -	
Capital Financing Charges	(49)
Revised Target Budget Resources	18,638

There has been one additional specific grant received by the directorate since the previously reported monitoring. This was for £0.057m from DCLG to enable high street and town centre clean ups and it was fully committed by year end.

3. Virements within the Directorate

There have been no virements of over £0.250m between sub divisions within Housing and Communities since the previously reported monitoring.

4. Variation to projected outturn at Quarter 3

The projected outturn variance in the Quarter 3 monitoring reported to Cabinet was a surplus of £0.002m and the actual outturn is a surplus of £0.345m. The following table explains the reason for the movement of £0.343m:

Reasons for variation to projected outturn at Q3	£000
Making better use of the council's housing stock in managing increasing demand and becoming more effective in the management of costs relating to bed and breakfast accommodation	(185)
Local Town Grants proposed to be carried forward to 2019/20	(103)
Additional income from fleet maintenance and vehicle sales	(88)
Impact of restrictions on quarter 4 commitments to internally manage the projected pressure from temporary accommodation	(215)
Severance payments funded by the directorate	248
Total	(343)

5. Central Items

The directorate has responsibility for the management of the Waste Partnership Central Item that is detailed in Appendix J4.

The actual outturn for these items is a surplus of £0.684m and the main reasons for this surplus are outlined below: -

Reasons for Surplus - Central Items	£000
Lower than expected inflation rate - reduced contract costs	(372)
£20 per tonne rebate on recycling payments (being challenged and may not be available in 2019/20)	(512)
10% increase in volume of waste collection and disposal	654
Lower than expected inflation reduced the cost of the W2R waste incineration partnership.	(497)
Other - net	43
Total	(684)

6. Earmarked Reserves

The directorate has set aside sums totalling £1.119m in previous years as earmarked reserves for use on specific activities in current and future years. The directorate has used £0.095m of earmarked reserves during the current year leaving the following balances:

Earmarked Reserve	Balance as at 31 March 2018 £000	Actual Expenditure 2018/19 £000	Remaining Balance 31 March 2019 £000
Sports Grants	48	0	48
Portway Lifestyle Centre Property Reserve	437	(79)	516
Private Sector Leasing	217	75	142
Mortgage Rescue	59	59	0
Dartmouth Park	358	40	318
Total	1,119	95	1,024

7. Severance Payments

In 2017/18 a provision of £0.371m was created for severance costs, of which £0.251m has been utilised during 2018/19.

Severance costs of £0.260m, not included in the 2017/18 provision have been incurred and further costs of £0.308m are expected.

There will be total additional net severance costs of £0.556m of which £0.308m will be met from corporate resources with the remaining £0.248m being funded from the directorate.

The table below summarises the position:

	Actual Costs Incurred 2018/19	Provision Created 2017/18		New Provision Created 2018/19		Net cost to service 2018/19
		Utilised	Unutilised	Outstanding Severance Payments	Future Severance Payments	
	£'000	£'000	£'000	£'000	£'000	£'000
Costs provided for in 2017/18	251	251	120	108		(12)
Costs not provided for in 2017/18	260			93	215	568
Total	511	251	120	201	215	556
Funded by:						
Directorate						248
Corporate Resources						308

Use of Corporate Resources

Expenditure of £1.421m incurred by Housing & Communities will be met from corporate resources.

	£m
• Severance costs	0.308
• Pressure within the Transforming Local Services project	1.000
• Black Patch Park improvements	0.075
• Commonwealth Games Project Team	0.038

Capital

Housing & Communities is responsible for the delivery of capital schemes which are detailed in Appendix J5. The projected 2018/19 outturn for these schemes was £6.948m as reported within the Period 9 monitoring to cabinet on 20th February 2019. The actual outturn is £4.999m resulting in a variance of £1.949m. The main reasons for the main variances above £0.100m are detailed below:

- Environmental Improvements to Neighbourhoods (Grot Spots) - £0.105m surplus – slippage of resources into 2019/20 to continue progressing environmental improvement works at various sites across the borough.
- Public Access Computers – Libraries - £0.196m surplus – slippage of resources into 2019/20 to improve public access to computers across the whole library service.
- Sandwell Aquatic’s Centre - £0.156m deficit – it was decided to capitalise the Sandwell Aquatic’s Centre project team costs for 2018/19.
- Aquatic Centre – Commonwealth Games 2022 - £2.224m surplus – a late decision by the Department of Culture Media & Sports (DCMS) (see below) to fund an element of the costs in 2018/19 has allowed us to carry forward more of our own resources into 2019/20 to continue to develop the Sandwell Aquatic Centre ready for the 2022 Commonwealth Games.
- Sandwell Aquatic’s Centre – DCMS - £1.054m deficit – a late decision by the Department of Culture Media & Sports (DCMS) to fund an element of the costs associated with the Sandwell Aquatic’s Centre in 2018/19.
- Acquisition of Vehicles - £0.439m surplus – The overall costs in 2018/19 reflects the Council’s current vehicle replacement programme.
- Section 106 Accounts - £0.129m deficit – the service has completed more section 106 schemes in 2018/19 than expected at Period 9.

Virements

There have been no virements between capital schemes during the period.

Section 106 Monies

Housing & Communities has responsibility for Section 106 monies, details are provided in Appendix J6.

Contact

Charlie Davey

Business Partner - Finance

0121 569 2310

Housing & Communities		Appendix J2 Directorate Outturn					
		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Housing Management	Employees	3,643	3,330		300	3,030	(613)
This includes homelessness support and temporary accommodation, the welfare rights team, council garages, community safety, resilience and Prevent, community centres and the shop mobility service and local community voluntary sector grants.	Premises	1,379	1,845	134		1,711	332
	Transport	23	10			10	(13)
	Supplies & Services	2,431	2,320			2,320	(111)
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	309	309			309	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	7,785	7,814	134	300	7,380	(405)
	Specific Grants	(1,333)	(387)			(387)	946
	Other Grants & Contributions	(957)	(951)			(951)	6
	Fees & Charges	(1,082)	(1,449)			(1,449)	(367)
	Recharge Income	(1,195)	(1,310)			(1,310)	(115)
	Other Income	0	0			0	0
	Total Gross Income	(4,567)	(4,097)	0	0	(4,097)	470
Net Expenditure	3,218	3,717	134	300	3,283	65	
Tourism, Culture & Leisure	Employees	3,508	4,185		700	3,485	(23)
This includes libraries and archives, museums and arts, physical education and sports including contractual agreements for council swimming and sports centres, Sandwell Valley and shows and events.	Premises	953	892	(39)		931	(22)
	Transport	55	55			55	0
	Supplies & Services	2,020	1,934		38	1,896	(124)
	Third Party Payments	4,246	4,276			4,276	30
	Transfer Payments	0	0			0	0
	Capital Charges	2,479	2,479			2,479	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	13,261	13,821	(39)	738	13,122	(139)
	Specific Grants	(1,219)	(1,263)			(1,263)	(44)
	Other Grants & Contributions	(33)	(22)			(22)	11
	Fees & Charges	(1,573)	(1,369)			(1,369)	204
	Recharge Income	(542)	(616)			(616)	(74)
	Other Income	0	(4)			(4)	(4)
	Total Gross Income	(3,367)	(3,274)	0	0	(3,274)	93
Net Expenditure	9,894	10,547	(39)	738	9,848	(46)	
Commercial Services	Employees	4,644	4,827		308	4,519	(125)
This includes parks, allotments, grounds maintenance, the council's fleet service and waste client management costs.	Premises	405	582		75	507	102
	Transport	2,011	2,219			2,219	208
	Supplies & Services	1,410	1,398			1,398	(12)
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	2,714	2,714			2,714	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	11,184	11,740	0	383	11,357	173
	Specific Grants	(57)	(57)			(57)	0
	Other Grants & Contributions	0	(15)			(15)	(15)
	Fees & Charges	(2,003)	(2,267)			(2,267)	(264)
	Recharge Income	(4,766)	(4,631)			(4,631)	135
	Other Income	0	0			0	0
	Total Gross Income	(6,826)	(6,970)	0	0	(6,970)	(144)
Net Expenditure	4,358	4,770	0	383	4,387	29	

		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Business Excellence	Employees	2,094	1,755			1,755	(339)
This includes the council's corporate contact centre and Oldbury council house customer services reception, director costs and local town grants.	Premises	75	77			77	2
	Transport	2	1			1	(1)
	Supplies & Services	464	494			494	30
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	223	223			223	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	2,858	2,550	0	0	2,550	(308)
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	(120)	(122)			(122)	(2)
	Recharge Income	(1,570)	(1,653)			(1,653)	(83)
	Other Income	0	0			0	0
	Total Gross Income	(1,690)	(1,775)	0	0	(1,775)	(85)
	Net Expenditure	1,168	775	0	0	775	(393)
Directorate Total	Employees	13,889	14,097	0	1,308	12,789	(1,100)
	Premises	2,812	3,396	95	75	3,226	414
	Transport	2,091	2,285	0	0	2,285	194
	Supplies & Services	6,325	6,146	0	38	6,108	(217)
	Third Party Payments	4,246	4,276	0	0	4,276	30
	Transfer Payments	0	0	0	0	0	0
	Capital Charges	5,725	5,725	0	0	5,725	0
	Capital Financing	0	0	0	0	0	0
	Total Gross Expenditure	35,088	35,925	95	1,421	34,409	(679)
	Specific Grants	(2,609)	(1,707)	0	0	(1,707)	902
	Other Grants & Contributions	(990)	(988)	0	0	(988)	2
	Fees & Charges	(4,778)	(5,207)	0	0	(5,207)	(429)
	Recharge Income	(8,073)	(8,210)	0	0	(8,210)	(137)
	Other Income	0	(4)	0	0	(4)	(4)
	Total Gross Income	(16,450)	(16,116)	0	0	(16,116)	334
	Net Expenditure	18,638	19,809	95	1,421	18,293	(345)

Housing & Communities	Appendix J3 - Sub Analysis		
	Actual Outturn	Annual Target Budget	Variance (Surplus) / Deficit
	£000	£000	£000
Supplies and Services			
Grants	1,924	1,916	8
Materials & Consumables	611	729	(118)
Treeworks	568	347	221
HRA recharges	526	576	(50)
Professional Services	340	292	48
ICT	332	218	114
Waste Disposal & Hygiene Services	291	222	69
Operational Services	287	42	245
Equipment & Furniture	213	418	(205)
Civic Events	139	192	(53)
Other Internal Recharges	138	31	107
Provision for Bad Debts	136	0	136
Printing & Stationery	108	81	27
Catering	89	95	(6)
Telephones	57	80	(23)
Architects & Building Services	55	0	55
Subscriptions	55	20	35
Licences	47	0	47
Advertising & Publicity	34	67	(33)
Legal	34	1	33
Hire of Rooms	29	30	(1)
Postages	22	17	5
Protective Clothing	20	32	(12)
Veterinary Fees	15	10	5
Cash Collections & Bank Charges	14	9	5
Conference Expenses	14	6	8
Car Parking Contract	13	0	13
Laundry	11	0	11
Pest Control	11	7	4
Engineers Fees	8	0	8
Highways Maintenance	5	2	3
Surplus brought forward from previous years	0	868	(868)
Office Accommodation	0	17	(17)
Total Supplies & Services	6,146	6,325	(179)
Specific Grants			
DCLG - Portway Lifestyle Centre PFI	(1,162)	(1,162)	0
Home Office - Prevent Grant	(185)	(123)	(62)
DCLG - Flexible Homelessness Support Grant / New Burdens	(143)	(1,011)	868
DEFRA - Natural England Stewardship Grant	(61)	(46)	(15)
DCLG - High Street Clean Grant	(57)	(57)	0
DWP - ADS / PBS	(33)	(64)	31
Sport England - Community Activity Network	(27)	0	(27)
DCLG - Controlling Migration	(24)	(100)	76
Arts Council - Opportunities For Everyone	(11)	(11)	0
Sport England - Playing Pitch Strategy	(2)	0	(2)
DCLG - H-CLIC	(2)	0	(2)
DWP - Mediation services	0	(35)	35
Total Specific Grants	(1,707)	(2,609)	902
Other Income			
Dividends & Interest	(4)	0	(4)
Total Other Income	(4)	0	(4)

Housing & Communities				Appendix J4 Central Items	
Central Item Description	Annual Budget	Actual Outturn	Use of (Cont to) Earmarked Reserves	Use of Corporate Resources	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000
Waste Partnership	25,962	25,278			(684)
Total	25,962	25,278	0	0	(684)
Subjective Analysis					
Employees					0
Premises					0
Transport					0
Supplies & Services	26,764	27,119			355
Third Party Payments					0
Transfer Payments					0
Capital Charges					0
Gross Expenditure	26,764	27,119	0	0	355
Specific Grants	0	(981)			(981)
Other Grants & Contributions	0	0			0
Fees & Charges	(241)	(148)			93
Recharges in Target	(561)	(712)			(151)
Other Income	0	0			0
Gross Income	(802)	(1,841)	0	0	(1,039)
Total Net Expenditure	25,962	25,278	0	0	(684)

Housing & Communities				Appendix J5 - Capital	
	Revised 2018/19 Budget as @ Period 9			Actual Outturn 2018/19	(Surplus) / Deficit for the Year
	Main Programme	Self Financing	Total		
	£'000	£'000	£'000		
<u>Main Programme</u>					
Environmental Improvements to Neighbourhoods	235	0	235	130	(105)
Charlemont Community Centre Wigmore	37	0	37	0	(37)
Public Access Computers - Libraries	196	0	196	0	(196)
Libraries Management System	40	0	40	36	(4)
Manor House - Phase 2	12	0	12	0	(12)
Lightwoods House & Park	191	0	191	151	(40)
Sandwell Aquatic's Centre	0	0	0	156	156
Water Safety	14	0	14	14	0
Self Service Customer Portal	184	0	184	102	(82)
West Smethwick Park - HLF Match Funding	0	0	0	59	59
West Smethwick Park Development Plan	80	0	80	80	0
Oak House Museum Roof Repairs	10	0	10	0	(10)
<u>Prudential Borrowing</u>					
lightwoods Park	85	0	85	0	(85)
Aquatic Centre - Commonwealth Games 2022	3,285	0	3,285	1,061	(2,224)
Acquisition of Vehicles	2,000	0	2,000	1,561	(439)
<u>Thematic Capital Pot</u>					
Forge Mill Farm	2	0	2	0	(2)
Lightwoods House Roof Works	35	0	35	0	(35)
<u>Grants / Self Financing</u>					
Libraries Management system	0	4	4	0	(4)
Dartmouth Park - HLF	0	4	4	6	2
West Smethwick Park - HLF	0	50	50	0	(50)
Oak House Barns Restoration Project	0	10	10	0	(10)
Sandwell Valley High Ropes	0	169	169	160	(9)
Youth Centre, Queens Way, Oldbury	0	5	5	0	(5)
Sandwell Aquatic's Centre - DCMS	0	0	0	1,054	1,054
<u>Section 106</u>					
Section 106 accounts - Cultural	0	300	300	429	129
Total Housing & Communities	6,406	542	6,948	4,999	(1,949)

Section 106 Monitoring - 2018-19				
Housing & Communities		Appendix J6 Section 106 Monitoring		
Scheme	Description of Project	Balance Available @ 01/04/18 £	Outturn for 2018/19 £	Balance Remaining @ 31/03/19 £
Tittford Pools Open Space - Oldbury	Environmental Improvements Work to be carried out by Sandwell Valley Team	8,000	8,000	0
Queensway - Oldbury	Proposal being developed	3,300	0	3,300
Brades Green Open Space - Oldbury DC/07/48918	Open Space Play Area - Barnford Hill Park	27,000	22,347	4,653
Total - Oldbury		38,300	30,347	7,953
Haden Hill Park - Rowley Regis	Fencing Works	4,100	4,073	27
Bearmore Playing Fields Open Space - Rowley Regis	Project being developed	12,200	0	12,200
Total - Rowley Regis		16,300	4,073	12,227
Grenville Drive - Smethwick	Project being developed	18,400	0	18,400
Victoria Road, Smethwick DC/04/42703	Improvements & Enhancements at Victoria Park	124,000	98,700	25,300
Total - Smethwick		142,400	98,700	43,700
The Cracker - Tipton DC/05/45017	Open space / adult recreational works - The Cracker	116,000	105,000	11,000
Victoria Park, Tipton	Adult Gym Equipment	7,100	7,027	73
Total - Tipton		123,100	112,027	11,073
Hydes Road Playing Fields DC/04/42731	Fence & Chiicane Works - Hydes Rd Playing Fields	37,100	37,100	0
Wednesbury Town Centre - Wednesbury	Centenary Celebrations 2018 works	1,600	1,600	0
Hill Top Park, Wednesbury DC/12/55176	Open Space Improvements	86,000	38,758	47,242
Leabrook Rd, Wednesbury DC/05/45542	Open Space Improvements - Hydes Road Pool	64,000	56,570	7,430
Brunswick Park - Wednesbury	Play Equipment replacement	14,500	14,457	43
Total - Wednesbury		203,200	148,485	54,715
Lyttleton Street - West Bromwich DC/05/45555	Project being developed	14,500	0	14,500
Farley Park, Wednesbury DC/08/50253	Open Space Improvements - Farley Park	34,000	30,725	3,275
Bank Street - West Bromwich DC/05/44805	Open Space Improvements - Kesteven Road	4,700	4,640	60
Total - West Bromwich		53,200	35,365	17,835
Grand Total		576,500	428,997	147,503

Children's Services Financial Outturn 2018/19
1 April 2018 to 31 March 2019

Revenue

1. Overview

The financial outturn for Children's Services is a surplus of £0.077m, which can be further analysed as follows:

	Annual Target Budget	Actual Outturn	Use of / (Cont to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Gross Expenditure	99,922	109,260	178	688	108,394	8,472
Gross Income	(13,279)	(20,577)	1,083	168	(21,828)	(8,549)
Net Expenditure	86,643	88,683	1,261	856	86,566	(77)
Carry Forward Previously Approved						0
Revenue Contribution to Capital (RCCO)						0
Adjusted Net Variance After Approved CFwds & RCCO						(77)

Further details of the outturn position can be found in Appendix K1. The table below outlines the significant variances in the service as follows: -

Reasons for Surplus/Deficit	£000
SEN Home to School Transport - Additional costs above the initial contract price due to a retendering of the Meadows Contract and changes to other contracts following due diligence	978
Children's Centres - Savings against the centrally held budget for premises costs that are not included in the Children's Centres contracts	(360)
Savings in the Youth Service	(70)
SEND Implementation Grant - SEND implementation work in 2018/19 will not require the full grant allocation	(150)
Salaries Underspend	(100)
Partner Contributions	(47)
Additional Income - One Off Fees and charges	(559)
Directorate Redundancy Costs	231
Total	(77)

The net surplus is requested to be treated as follows:-

Requested Treatment	£000
Request to Carry Forward to 2019-20 to meet future Directorate needs	(30)
Request to fund the Sandwell Guarantee Deficit in 2018-19	(47)
Total	(77)

2. Available Target Resources

Target budget resources available to Children's Services have changed from £80.036m to £86.643. This figure reflects the following amendments that have been made since the previously reported monitoring:

Target Budget Resources	£000
Target Budget as per last quarter monitoring	80,036
Target Adjustments - Capital Charges Variance	6,607
Revised Target Budget Resources	86,643

There have been no additional specific grants received by the directorate since the previously reported monitoring

3. Virements within the Directorate

There were no virements of over £0.250m between sub divisions within Children's Services since the previously reported monitoring.

4. Variation to projected outturn at Quarter 3

In the Quarter 3 monitoring reported to Cabinet, the projected outturn for Children's Services was a deficit of £0.138m and the actual outturn is a surplus of £0.077m. The table below explains the reasons for the variance of £0.215m: -

Reasons for variation to projected outturn Q3	£000
Increase in Transport Costs	108
Increase in Legal Fees and Fire Training	68
European Fund Claim better than expected	(100)
Attendance Service collection of fines better than expected	(100)
Childrens Centres increased savings	(335)
Youth Service increased savings	(40)
Directorate Redundancy Costs	231
Partner Contributions	(47)
Total	(215)

A budget amendment is requested to transfer £0.231m from Children's Services to Central Items in 2019-20. This amendment is to reflect expenditure relating to No Recourse for Public Funds (NRPF) is not controllable and should no longer fall under Target Resources.

Changes to 2019/20 Budget	£000
NRPF formal request to transfer to Central Items	231
Total	0

5. Central Items

The Directorate has responsibility for the management of a number of Central Items that are detailed in Appendix K4.

The Building Schools for the Future (BSF) Central item was breakeven with budget and expenditure of £0.400m.

The actual outturn for Sandwell Guarantee Scheme was a deficit of £0.280m of which £0.233m will be funded from earmarked balances that have been set aside for this purpose. The difference of £0.047m has been funded by the Service.

The main reason(s) for this deficit are outlined below: -

Reasons for Surplus/Deficit - Central Items	£000
Sandwell Guarantee Scheme - Additional Expenditure	280
Total	280

The Service has continuing commitments for the Sandwell Guarantee Scheme of approximately £0.250m for 2019/20 and are requesting this to be funded from central balances.

6. Earmarked Reserves

The directorate has set aside sums totalling £3.585m in previous years as earmarked reserves for use on specific activities in current and future years. The directorate has used £0.825m of earmarked reserves during the current year leaving the following balances remaining: -

Earmarked Reserve	Balance as at 31 March 2018 £000	Actual Expenditure 2018/19 £000	Remaining Balance 31 March 2019 £000
			0
Early Help	1,083	1,083	0
Childrens Workforce Development	68	0	68
Safeguarding Childrens Board	178	178	0
Regeration and Economy	186	0	186
BSF FM Sinking Fund	2,070	(436)	2,506
			0
			0
Total	3,585	825	2,760

7. Severance Payments

In 2017/18 a provision of £0.042m was created for severance payment costs, of which all has been utilised during 2018/19.

Severance payment costs of £0.029m, not included in the 2017/18 provision, have been incurred with further costs of £0.236m expected. All of these costs will be met by the Directorate.

The table below summarises the position:

	Actual Costs Incurred 2018/19	Provision Created 2017/18		New Provision Created 2018/19		Net cost to service 2018/19
		Utilised	Unutilised	Outstanding Severance Payments	Future Severance Payments	
	£'000	£'000	£'000	£'000	£'000	£'000
Costs provided for in 2017/18	42	42	0	0		0
Costs not provided for in 2017/18	29			5	231	265
Total	71	42	0	5	231	265
Funded by:						
Directorate						265
Corporate Resources						0

Use of Corporate Resources

Expenditure of £1.089 incurred by Children's Services will be met from corporate resources as detailed below:-

- £0.233m to cover the cost of the Sandwell Guarantee Scheme, this has already been agreed and is part of existing ear-marked balances;
- £0.130m to cover the cost of SEND reforms, this has already been agreed and is part of existing ear-marked balances;
- £0.208m to address pressures related to No Recourse to Public Funds (NRPF) expenditure.
- Children's need to call on £0.350m for the Primary Mental Health Worker Contract (Kaleidoscope). This is a one off as the CCG will fund from 2019/20 onwards.
- £0.168m reduction in DSG funding of central recharges due to a change in the basis of funding.

8. Capital

Overview

Children's Services is responsible for the delivery of a number of capital schemes which are detailed in Appendix K5. The projected 2018/19 outturn for these schemes was £21.061m as reported within the Period 9 monitoring to cabinet on 20th February 2019.

The actual outturn is £19.317m resulting in a surplus variance of £1.744m. The main reasons for the main variances above £0.100m are detailed below :-

- New School Kelvin Way - £0.942m surplus – project is mid-construction stage, and a contract payment expected to have to be paid had not been submitted by the contractor, these works will complete in 2019/20.
- Q3 Langley Phase 2 - £0.385m surplus – project is mid-construction stage, and a contract payment expected to have to be paid had not been submitted by the contractor, these works will complete in 2019/20.
- Shireland Collegiate Academy - £1.016m surplus - project is mid-construction stage, and a contract payment expected to have to be paid had not been submitted by the contractor, these works will complete in 2019/20.
- George Salter Academy - £0.241m surplus – the project is mid-construction stage, and a contract payment expected to have to be paid had not been submitted by the contractor, these works will complete in 2019/20.
- St Matthews CE Primary - £0.824m surplus – the project experienced delay with start on site due to previous housing demolition programme. Surplus was retained to pay an expected contract stage payment.
- School Condition Lifecycle Property Maintenance - £0.312m deficit - the outturn reflects the current rolling programme of works associated with property maintenance at various schools across the Borough.
- Education & Skills Funding Agency (ESFA) Shireland Technology Primary Free School - £1.105m deficit – fees incurred for feasibility works and design fees associated to the proposed ESFA Free School that is awaiting DfE capital approval to reimburse the Authority for costs incurred.
- Devolved Formula Capital (DFC) - £0.344m deficit – A number of schools have made the decision to incur additional capital expenditure from the DFC budget,

- Devolved Formula Capital – School Contribution – £0.345m deficit - a number of schools have made the decision to incur additional capital expenditure, individual schools have made contributions to cover this expenditure.
- BSF Oldbury - £0.171m surplus – monies carried forward into 2019/20 to pay the final retention payment. Slippage due to a delay in agreeing the final retention payment with the contractor.
- Shenstone Lodge School - £0.132m surplus – scheme delayed due to planning consent, and additional capital approval required to deliver the two-classroom extension.

Virements

There have been no virements between capital schemes during the period.

Section 106 Monies

Children's Services has no responsibility for Section 106 monies, there is no Appendix K6 for this service.

Contact

Steve Lilley
Business Partner
0121 569 3863

Area	Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Director of Education and Employment	16,028	16,156	0	168	15,988	(40)
Education Support services	1,669	1,853	0	0	1,853	184
Learning Improvement	3,171	2,712	0	0	2,712	(459)
Inclusive Learning	3,250	4,153	0	130	4,023	773
Director of Children's Services	4,296	5,130	1,083	208	3,839	(457)
Sandwell Children's Trust	58,229	58,679	178	350	58,151	(78)
Total Net Expenditure	86,643	88,683	1,261	856	86,566	(77)
Carry Forward Previously Approved Revenue Contribution to Capital (RCCO)						
Adjusted Net Variance After Approved CFwds & RCCO						(77)
Subjective Analysis	Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Employees	12,241	12,716	0	130	12,586	345
Premises	1,305	1,250	0	0	1,250	(55)
Transport	2,853	4,367	0	0	4,367	1,514
Supplies & Services	7,223	7,963	0	208	7,755	532
Third Party Payments	58,229	61,785	178	350	61,257	3,028
Transfer Payments	46	212	0	0	212	166
Capital Charges	18,025	20,967	0	0	20,967	2,942
Capital Financing	0	0	0	0	0	0
Gross Expenditure	99,922	109,260	178	688	108,394	8,472
Specific Grants	(2,145)	(5,532)	0	0	(5,532)	(3,387)
Other Grants & Contributions	0	(137)	0	0	(137)	(137)
Fees & Charges	(2,123)	(3,227)	1,083	0	(4,310)	(2,187)
Recharges in Target	(7,842)	(7,587)	0	168	(7,755)	87
Other Income	(1,169)	(4,094)	0	0	(4,094)	(2,925)
Gross Income	(13,279)	(20,577)	1,083	168	(21,828)	(8,549)
Total Net Expenditure	86,643	88,683	1,261	856	86,566	(77)

Childrens Services		Appendix K2 Directorate Outturn					
		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus)/ Deficit
		£000	£000	£000	£000	£000	£000
CF0025							
Director of Education and Employment The Director of Education & Employment is responsible for the delivery of the following key services: • Education Support Services • Learning Improvement • Inclusive Learning	Employees	181	161			161	(20)
	Premises	0	0			0	0
	Transport	0	0			0	0
	Supplies & Services	11	148			148	137
	Third Party Payments					0	0
	Transfer Payments					0	0
	Capital Charges	17,580	20,522			20,522	2,942
	Capital Financing					0	0
	Total Gross Expenditure	17,772	20,831	0	0	20,831	3,059
	Specific Grants	(38)	(130)			(130)	(92)
	Other Grants & Contributions					0	0
	Fees & Charges	0	(295)			(295)	(295)
	Recharge Income	(1,706)	(1,308)		168	(1,476)	230
	Other Income	0	(2,942)			(2,942)	(2,942)
Total Gross Income	(1,744)	(4,675)	0	168	(4,843)	(3,099)	
Net Expenditure	16,028	16,156	0	168	15,988	(40)	
CF0026							
Education Support services Education Support Services encompasses 5 discreet service areas all of which contribute to the education directorate's objectives of learning support and school improvement across Sandwell. These service areas are: School Organisation and Development ; Attendance and Prosecution School Admissions and Appeals , Education Benefits and Residential Centres.	Employees	3,848	4,165			4,165	317
	Premises	265	240			240	(25)
	Transport	266	639			639	373
	Supplies & Services	906	879			879	(27)
	Third Party Payments	0	19			19	19
	Transfer Payments					0	0
	Capital Charges	283	283			283	0
	Capital Financing					0	0
	Total Gross Expenditure	5,568	6,225	0	0	6,225	657
	Specific Grants	(66)	(80)			(80)	(14)
	Other Grants & Contributions					0	0
	Fees & Charges	(175)	(1,237)			(1,237)	(1,062)
	Recharge Income	(2,489)	(1,903)			(1,903)	586
	Other Income	(1,169)	(1,152)			(1,152)	17
Total Gross Income	(3,899)	(4,372)	0	0	(4,372)	(473)	
Net Expenditure	1,669	1,853	0	0	1,853	184	

Childrens Services		Appendix K2 Directorate Outturn						
		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit	
		£000	£000	£000	£000	£000	£000	
CF0032								
Learning Improvement	Employees	6,172	6,058			6,058	(114)	
School improvement provides challenge and support for all phase including primary, secondary, special schools and pupil referral units. The team is made up of around 9 school improvement advisers. Post 16 Education includes a number of areas including Connexions, Adult Services, Parent Support and On line learning. Early Years covers all aspects of work relating to children up to the age of 5 including nursery funding for 2 year olds.	Premises	46	101			101	55	
	Transport	57	49			49	(8)	
	Supplies & Services	1,712	2,279			2,279	567	
	Third Party Payments	0	2			2	2	
	Transfer Payments	0	93			93	93	
	Capital Charges	66	66			66	0	
	Capital Financing					0	0	
	Total Gross Expenditure	8,053	8,648	0	0	8,648	595	
	Specific Grants	(1,851)	(2,065)			(2,065)	(214)	
	Other Grants & Contributions					0	0	
	Fees & Charges	(789)	(976)			(976)	(187)	
	Recharge Income	(2,242)	(2,895)			(2,895)	(653)	
	Other Income					0	0	
	Total Gross Income	(4,882)	(5,936)	0	0	(5,936)	(1,054)	
	Net Expenditure	3,171	2,712	0	0	2,712	(459)	
CF0023								
Inclusive Learning	Employees	953	1,046		130	916	(37)	
Inclusive Learning supports vulnerable children and young people to achieve positive outcomes and engage in learning. In order to achieve this, it provides a number of key services. These include: •Inclusion Support •Exclusions Service •SEN Home to School Transport	Premises	63	75			75	12	
	Transport	2,521	3,632			3,632	1,111	
	Supplies & Services	379	295			295	(84)	
	Third Party Payments					0	0	
	Transfer Payments					0	0	
	Capital Charges					0	0	
	Capital Financing					0	0	
	Total Gross Expenditure	3,916	5,048	0	130	4,918	1,002	
		Specific Grants	(190)	(254)			(254)	(64)
		Other Grants & Contributions	0	(137)			(137)	(137)
	Fees & Charges	0	(35)			(35)	(35)	
	Recharge Income	(476)	(469)			(469)	7	
	Other Income					0	0	
	Total Gross Income	(666)	(895)	0	0	(895)	(229)	
	Net Expenditure	3,250	4,153	0	130	4,023	773	

Childrens Services		Appendix K2 Directorate Outturn					
		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
CF0021		£000	£000	£000	£000	£000	£000
Director of Children's Services The Director of Childrens Services is responsible for the delivery of the following key services: • Youth Service • Childrens Centres • NRPF	Employees	1,087	1,007			1,007	(80)
	Premises	931	918			918	(13)
	Transport	9	10			10	1
	Supplies & Services	4,215	4,164		208	3,956	(259)
	Third Party Payments	0	(31)			(31)	(31)
	Transfer Payments	46	99			99	53
	Capital Charges	96	96			96	0
	Capital Financing					0	0
	Total Gross Expenditure	6,384	6,263	0	208	6,055	(329)
	Specific Grants		0			0	0
	Other Grants & Contributions					0	0
	Fees & Charges	(1,159)	(179)	1,083		(1,262)	(103)
	Recharge Income	(929)	(954)			(954)	(25)
	Other Income					0	0
Total Gross Income	(2,088)	(1,133)	1,083	0	(2,216)	(128)	
Net Expenditure	4,296	5,130	1,083	208	3,839	(457)	
11678							
Sandwell Childrens Trust Contract payments to Sandwell ChildrensTrust	Employees					0	0
	Premises					0	0
	Transport		25			25	25
	Supplies & Services		9			9	9
	Third Party Payments	58,229	61,861	178	350	61,333	3,104
	Transfer Payments					0	0
	Capital Charges					0	0
	Capital Financing					0	0
	Total Gross Expenditure	58,229	61,895	178	350	61,367	3,138
	Specific Grants		(2,864)			(2,864)	(2,864)
	Other Grants & Contributions					0	0
	Fees & Charges		(294)			(294)	(294)
	Recharge Income		(58)			(58)	(58)
	Other Income					0	0
Total Gross Income	0	(3,216)	0	0	(3,216)	(3,216)	
Net Expenditure	58,229	58,679	178	350	58,151	(78)	

Childrens Services		Appendix K2 Directorate Outturn					
		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
CF0002		£000	£000	£000	£000	£000	£000
Previous Social Care Templink and other charges that result in net nil charge to Childrens Services	Employees		279			279	279
	Premises		(84)			(84)	(84)
	Transport		12			12	12
	Supplies & Services		189			189	189
	Third Party Payments		(66)			(66)	(66)
	Transfer Payments		20			20	20
	Capital Charges					0	0
	Capital Financing					0	0
	Total Gross Expenditure	0	350	0	0	350	350
	Specific Grants		(139)			(139)	(139)
	Other Grants & Contributions					0	0
	Fees & Charges		(211)			(211)	(211)
	Recharge Income					0	0
	Other Income					0	0
Total Gross Income	0	(350)	0	0	(350)	(350)	
Net Expenditure	0	0	0	0	0	0	
Directorate Total	Employees	12,241	12,716	0	130	12,586	345
	Premises	1,305	1,250	0	0	1,250	(55)
	Transport	2,853	4,367	0	0	4,367	1,514
	Supplies & Services	7,223	7,963	0	208	7,755	532
	Third Party Payments	58,229	61,785	178	350	61,257	3,028
	Transfer Payments	46	212	0	0	212	166
	Capital Charges	18,025	20,967	0	0	20,967	2,942
	Capital Financing	0	0	0	0	0	0
	Total Gross Expenditure	99,922	109,260	178	688	108,394	8,472
	Specific Grants	(2,145)	(5,532)	0	0	(5,532)	(3,387)
	Other Grants & Contributions	0	(137)	0	0	(137)	(137)
	Fees & Charges	(2,123)	(3,227)	1,083	0	(4,310)	(2,187)
	Recharge Income	(7,842)	(7,587)	0	168	(7,755)	87
	Other Income	(1,169)	(4,094)	0	0	(4,094)	(2,925)
	Total Gross Income	(13,279)	(20,577)	1,083	168	(21,828)	(8,549)
	Net Expenditure	86,643	88,683	1,261	856	86,566	(77)

Childrens Services	Appendix K3 - Sub Analysis		
	Actual Outturn	Annual Target Budget	Variance (Surplus) / Deficit
	£000	£000	£000
Supplies and Services			
Director of Childrens Services	8	4	4
Youth Service	62	50	12
Childrens Centres	4,103	4,160	(57)
Inclusive Learning (incl SEN Transport & SEND)	295	379	(84)
Director of Education and Employment (incl Legal)	147	12	135
Benefits and Transport Team	40	65	(25)
School Organisation Team	231	221	10
Residential Centres	263	268	(5)
Attendance Service	17	19	(2)
Independent Travel Training	328	333	(5)
Connexions Service	420	155	265
Youth Employment Initiative Programme	18	183	(165)
Employment and Skills	687	324	363
School Improvement Service	320	220	100
Parent Support	35	16	19
Play Service - Voluntary Sector Grants	481	467	14
Early Years Service	319	347	(28)
Childrens Social Care	189	0	189
Other Supplies & Services			0
Total Supplies & Services	7,963	7,223	740
Specific Grants			
Adult Education Grant	(1,377)	(1,324)	(53)
School Improvement Grant	(308)	(210)	(98)
Extended Rights to Free Travel	(40)	(31)	(9)
Migration Fund (STEPS)	(297)	(390)	93
SEND Reform Grant	(190)	(190)	0
SEN Preparation for Employment	(64)	0	(64)
ESF Youth Employment Initiative	(254)	0	(254)
Secure Remand Grant	(152)	0	(152)
Adoption Support	(57)	0	(57)
Unaccompanied Asylum Seeker Children (UASC)	(525)	0	(525)
Troubled Families	(2,096)	0	(2,096)
Staying Put Grant	(130)	0	(130)
Extended Personal Advisor Duty Implementation Grant (EPADI)	(18)	0	(18)
RSS Grant from DFE Rough Sleepers	(24)	0	(24)
Total Specific Grants	(5,532)	(2,145)	(3,387)
Other Income			
REFCUS Section 5 - Unapplied Receipts B/F (no Condions)	(2,942)	0	(2,942)
Residential Centres	(1,152)	(1,169)	17
Total Other Income	(4,094)	(1,169)	(2,925)

Childrens Services			Appendix K4 Central Items		
Central Item Description	Annual Budget £000	Actual Outturn £000	Use of (Cont to) Earmarked Reserves £000	Use of Corporate Resources £000	Variance (Surplus) / Deficit £000
					0
					0
BSF Central Item	400	400			0
Sandwell Guarantee	0	280		233	47
					0
					0
Total	400	680	0	233	47
Subjective Analysis					
Employees		63			63
Premises					0
Transport		2			2
Supplies & Services	400	615		233	(18)
Third Party Payments					0
Transfer Payments					0
Capital Charges					0
Gross Expenditure	400	680	0	233	47
Specific Grants					0
Other Grants & Contributions					0
Fees & Charges					0
Recharges in Target					0
Other Income					0
Gross Income	0	0	0	0	0
Total Net Expenditure	400	680	0	233	47

Childrens Services				Appendix K5 - Capital	
	Revised 2018/19 Budget as @ Period 9			Actual Outturn 2018/19 £'000	(Surplus) / Deficit for the Year £'000
	Main Programme	Self Financing	Total		
	£'000	£'000	£'000		
Supported Borrowing					
BSF ICT Element	80	0	80	0	(80)
Thematic Capital Pot					
Edmond Cottage Extension	1	0	1	0	(1)
Grants / Self Financing					
Play Pathfinder	0	6	6	0	(6)
PLAS Gwynant Insurance Receipt	0	18	18	0	(18)
Ingestre Hall Boiler Replacement	0	1	1	1	0
Schools Capital Programme Schemes (Basic Need)					
New School Kelvin Way	0	5,021	5,021	4,079	(942)
Q3 Langley - Phase 2	0	4,204	4,204	3,819	(385)
Shireland Collegiate Academy	0	3,584	3,584	2,568	(1,016)
George Salter Academy	0	1,491	1,491	1,250	(241)
St Mathews CE	0	1,212	1,212	388	(824)
School Condition - LifeCycle property maintenance	0	1,212	1,212	1,524	312
Yew Tree Primary	0	1,111	1,111	1,111	0
ESFA Shireland Primary Free School	0	195	195	1,300	1,105
Old Park / Albert Pritchard / Wood Green Primary	0	170	170	170	0
Moorlands Primary	0	162	162	167	5
Crocketts Community Primary	0	160	160	209	49
Sacred Heart Primary	0	126	126	126	0
Priory Primary Expansion	0	117	117	98	(19)
Ormiston Sandwell Community Academy	0	100	100	73	(27)
New Oldbury Primary - Lightwoods	0	83	83	127	44
Hargate Primary	0	71	71	70	(1)

	Revised 2018/19 Budget as @ Period 9			Actual Outturn 2018/19 £'000	(Surplus) / Deficit for the Year £'000
	Main Programme	Self Financing	Total		
	£'000	£'000	£'000		
RSA Academy	0	60	60	30	(30)
Victoria Park Academy	0	50	50	45	(5)
Raddall Hill Primary	0	41	41	47	6
St Huberts	0	32	32	32	0
Great Bridge Primary	0	25	25	13	(12)
Relocation of Stuart Bathurst	0	21	21	21	0
Feasibility work Expansion of Secondary	0	20	20	35	15
Attendance Service Equipment Upgrade	0	20	20	20	0
Causeway Green Flooding	0	11	11	19	8
Bristnall Hall Academy	0	5	5	0	(5)
Summerhill Academy	0	5	5	59	54
St Gregor's	0	3	3	2	(1)
Rood End Bulge Class	0	4	4	4	0
Wood Green Academy	0	1	1	0	(1)
School Kitchens	0	1	1	0	(1)
Holy Trinity CE Primary	0	1	1	1	0
Blackheath Primary	0	1	1	1	0
Phoenix	0	1	1	0	(1)
Refurbishment of the Hollies	0	1	1	7	6
St Michaels	0	1	1	7	6
Shenstone Lodge	0	1	1	1	0
Joseph Turner	0	1	1	1	0
Standards Fund Grant					
Devolved Formula Capital	0	792	792	1,136	344
Devolved Formula Capital - School Contribution	0	0	0	345	345
Devolved Formula Capital - PRU's	0	31	31	31	0
BSF Oldbury	0	171	171	0	(171)
Two Year Old Entitlement - Early Years Capital	0	7	7	5	(2)
Orchard Building Work	0	59	59	1	(58)
Shenstone Lodge	0	300	300	168	(132)
Healthy Pupils Capital Fund	0	270	270	206	(64)
Total Childrens Services	81	20,980	21,061	19,317	(1,744)

Public Health Financial Outturn 2018/19
1 April 2018 to 31 March 2019

Revenue

1. Overview

The financial outturn for Public Health is a surplus of £2.459m, which can be further analysed as follows:

	Annual Target Budget	Actual Outturn	Use of / (Cont to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Gross Expenditure	27,628	25,322	104	115	25,103	(2,525)
Gross Income	(24,850)	(24,927)	(137)	(6)	(24,784)	66
Net Expenditure	2,778	395	(33)	109	319	(2,459)
Carry Forward Previously Approved Revenue Contribution to Capital (RCCO)						(1,984)
						0
Adjusted Net Variance After Approved CFwds & RCCO						(475)

Further details of the outturn position can be found in Appendix L1. The following table outlines the main reasons for the surplus:

Reasons for Surplus/Deficit	£000
Communicable Disease - deficit has mainly occurred from within the Integrated Sexual Health contract, marketing and promotion, the inclusion of a home based element within the new contract and Genitourinary Medicine (GUM) out of area costs being higher than anticipated.	156
Long Term Conditions - surplus is predominantly related to a saving achieved through the re-tendering of the Health Checks contract, weight management initiatives, healthy workplace assessment and lower than anticipated activity from My time contract.	(614)
Children's - surplus has arisen due to income received from NHS England to cover additional insight work for the delivery of Antenatal Programme.	(40)
Substance Misuse & Smoking - surplus has mainly occurred due to reduced activity within the smoking cessation contract and savings from posts that have become vacant during the year.	(621)
Wider Determinants - surplus has mainly occurred due to vacancies within the mental health team and a reduction in the planned programme of activity, including Healthy Sandwell Website Development, Emotional Health & Wellbeing, Winter related programmes and Warmer homes.	(661)
Public Health Management - surplus has mainly arisen as a result of vacant posts within the management tiers.	(461)
Public Health Grant - surplus relates to a directorate contingency funded from the carry forward of one off resources from previous years.	(218)
Total	(2,459)

The net surplus is requested to be treated as follows: -

Requested Treatment	£000
Carry forward approved in-year	1,984
Surplus to be carried forward to 2020/21 to assist in the management of the annual reduction in the value of the Public Health Grant	475
Total	2,459

2. Available Target Resources

Target budget resources available to Public Health were £2.778m. No amendments that have been made since the previously reported monitoring:

No additional specific grants have been received by the directorate since the previously reported monitoring.

3. Virements within the Directorate

There have been no virements of over £0.250 million between sub divisions within Public Health since the previously reported monitoring.

4. Variation to projected outturn at Quarter 3

In the Quarter 3 monitoring reported to Cabinet, the projected outturn for Public Health was £1.984m, the variance between this and the actual outturn is a surplus of £0.475m. The following table explains the reason for this variance:

Reasons for variation to projected outturn Q3	£000
Communicable Disease - deficit mainly relates to the Integrated Sexual Health contract and the Genitourinary Medicine (GUM) out of area costs.	121
Long Term Conditions - surplus is predominantly related to weight management and posts that have become vacant during the year.	(27)
Children's - surplus relates to variation on the school nursing contract	(15)
Substance Misuse & Smoking - surplus has mainly occurred due reduced activity within the smoking cessation contract and lower Prescribing costs for the supply of medicines and appliances.	(507)
Wider Determinants -surplus has mainly occurred due reduced demand for funding from Healthier Town Teams .	(14)
Public Health Management - surplus has mainly arisen as a result of vacant posts, within the management tiers	(34)
Total	(475)

5. Central Items

The service does not have responsibility for the management of any Central Items, therefore there is no Appendix L4 within this report.

6. Earmarked Reserves

The directorate has set aside sums totalling £0.288m in previous years as earmarked reserves for use on specific activities in current and future years. The directorate has transferred £0.033m into earmarked reserves during the current year leaving the following balances:

Earmarked Reserve	Balance as at 31 March 2018 £000	Actual Expenditure 2018/19 £000	Remaining Balance 31 March 2019 £000
Learning for Public Health	288	(33)	321
Total	288	(33)	321

These funds are held on behalf of neighbouring NHS partners for future seminars and publications relating to learning for public health.

7. Severance Payments

The service did not create a provision for severance payments in 2017/18.

Severance payment costs of £0.093m have been incurred to date. These costs will be funded from the directorate.

The table below summarises the position:

	Actual Costs Incurred 2018/19	Provision Created 2017/18		New Provision Created 2018/19		Net cost to service 2018/19
		Utilised	Unutilised	Outstanding Severance Payments	Future Severance Payments	
	£'000	£'000	£'000	£'000	£'000	£'000
Costs provided for in 2017/18	0	0	0	0		0
Costs not provided for in 2017/18	93			0	0	93
Total	93	0	0	0	0	93
Funded by:						
Directorate						93
Corporate Resources						0

Use of Corporate Resources

Expenditure of £0.109m incurred by Public Health will be met from corporate resources. This is to cover the cost of the SHAPE Programme. The SHAPE programme was initiated to ensure that the whole of the council, along with partner organisations, listened and responded to the views of children and young people. The acronym SHAPE is derived from

Staying **S**afe, Being **H**ealthy, Enjoying and **A**chieving, Making a **P**ositive Contribution, **E**conomic Wellbeing.

Capital

There are no capital resources allocated to Public Health, therefore there is no Appendix L5 for this service.

Contact

Charlie Davey
Business Partner - Finance
0121 569 2310

Area	Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Communicable Disease	3,190	3,346	0	0	3,346	156
Long Term Conditions	2,789	2,175	0	0	2,175	(614)
Childrens	9,911	9,980	0	109	9,871	(40)
Substance Misuse & Smoking	4,625	4,004	0	0	4,004	(621)
Wider Determinants	4,572	3,911	0	0	3,911	(661)
Public Health Management	2,187	1,693	(33)	0	1,726	(461)
Public Health Grant	(24,496)	(24,714)	0	0	(24,714)	(218)
Total Net Expenditure	2,778	395	(33)	109	319	(2,459)
Carry Forward Previously Approved Revenue Contribution to Capital (RCCO)						(1,984)
						0
Adjusted Net Variance After Approved CFwds & RCCO						(475)
Subjective Analysis	Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Employees	2,943	2,321	93	57	2,171	(772)
Premises	132	128	0	3	125	(7)
Transport	7	4	0	0	4	(3)
Supplies & Services	24,519	22,842	11	55	22,776	(1,743)
Third Party Payments	0	0	0	0	0	0
Transfer Payments	0	0	0	0	0	0
Capital Charges	27	27	0	0	27	0
Capital Financing	0	0	0	0	0	0
Gross Expenditure	27,628	25,322	104	115	25,103	(2,525)
Specific Grants	(24,714)	(24,714)	0	0	(24,714)	0
Other Grants & Contributions	(127)	(175)	(128)	0	(47)	80
Fees & Charges	0	(11)	0	(2)	(9)	(9)
Recharges in Target	(9)	(27)	(9)	(4)	(14)	(5)
Other Income	0	0	0	0	0	0
Gross Income	(24,850)	(24,927)	(137)	(6)	(24,784)	66
Total Net Expenditure	2,778	395	(33)	109	319	(2,459)

		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Communicable Disease Communicable diseases account for a large proportion of our morbidity and mortality, including respiratory and sexually transmitted infections. The role of prevention of these diseases is vital particularly in the context of the rise of antimicrobial resistance. This unit provides assurance and services to protect the population from communicable diseases including mandatory genitourinary medicine.	Employees	124	123			123	(1)
	Premises	0	0			0	0
	Transport	1	0			0	(1)
	Supplies & Services	3,065	3,223			3,223	158
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	0	0			0	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	3,190	3,346	0	0	3,346	156
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	0	0			0	0
	Recharge Income	0	0			0	0
	Other Income	0	0			0	0
Total Gross Income	0	0	0	0	0	0	
Net Expenditure	3,190	3,346	0	0	3,346	156	
Long Term Conditions Obesity has been rising in our population over the last quarter of a century. This rise in obesity now poses a major threat to quality and length of life and is having a major impact on health and social care services. We provide services to support people in managing their weight, healthy diets, promoting exercise as well as the mandatory NHS health checks programme designed to identify those at risk of long term conditions.	Employees	456	384			384	(72)
	Premises	0	0			0	0
	Transport	2	2			2	0
	Supplies & Services	2,331	1,804			1,804	(527)
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	0	0			0	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	2,789	2,190	0	0	2,190	(599)
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	0	(1)			(1)	(1)
	Recharge Income	0	(14)			(14)	(14)
	Other Income	0	0			0	0
Total Gross Income	0	(15)	0	0	(15)	(15)	
Net Expenditure	2,789	2,175	0	0	2,175	(614)	
Childrens Included here are our programmes to improve the health of children and adolescents. Covering mandatory service such as the health child programme and national child measurement programme, as well as improving health in partnership with schools, teenage pregnancy prevention and family nurse partnership, parenting, breast feeding, health visiting and school nursing services.	Employees	166	222		57	165	(1)
	Premises	82	85		3	82	0
	Transport	0	0		0	0	0
	Supplies & Services	9,663	9,710		55	9,655	(8)
	Third Party Payments	0	0		0	0	0
	Transfer Payments	0	0		0	0	0
	Capital Charges	0	0		0	0	0
	Capital Financing	0	0		0	0	0
	Total Gross Expenditure	9,911	10,017	0	115	9,902	(9)
	Specific Grants	0	0		0	0	0
	Other Grants & Contributions	0	(31)		0	(31)	(31)
	Fees & Charges	0	(2)		(2)	0	0
	Recharge Income	0	(4)		(4)	0	0
	Other Income	0	0		0	0	0
Total Gross Income	0	(37)	0	(6)	(31)	(31)	
Net Expenditure	9,911	9,980	0	109	9,871	(40)	

		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Substance Misuse & Smoking	Employees	234	179			179	(55)
Death rates and hospital admissions due to alcohol are rising. Alcohol misuse is also associated with many social problems such as anti-social behaviour and violence. This unit develops strategic approaches to the prevention of addictive and harmful substance misuse, including alcohol, drugs and tobacco as well as providing treatment services for those who want to quit.	Premises	50	43			43	(7)
	Transport	1	1			1	0
	Supplies & Services	4,313	3,770			3,770	(543)
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	27	27			27	0
	Capital Financing					0	0
	Total Gross Expenditure	4,625	4,020	0	0	4,020	(605)
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	(16)			(16)	(16)
	Fees & Charges	0	0			0	0
	Recharge Income	0	0			0	0
	Other Income	0	0			0	0
Total Gross Income	0	(16)	0	0	(16)	(16)	
Net Expenditure	4,625	4,004	0	0	4,004	(621)	
Wider Determinants	Employees	727	580			580	(147)
We understand that factors such as education, housing, employment and the environment can have a much more profound effect on how well and how long people live, than health care services. Such factors also have an impact on emotional health and wellbeing and this in turn can impact on lifestyles such as alcohol consumption or smoking. We develop and invest in programmes to maximise health benefits through the wider determinants and wellbeing.	Premises	0	0			0	0
	Transport	2	0			0	(2)
	Supplies & Services	3,843	3,331			3,331	(512)
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	0	0			0	0
	Capital Financing					0	0
	Total Gross Expenditure	4,572	3,911	0	0	3,911	(661)
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	0	0			0	0
	Recharge Income	0	0			0	0
	Other Income	0	0			0	0
Total Gross Income	0	0	0	0	0	0	
Net Expenditure	4,572	3,911	0	0	3,911	(661)	
Public Health Management	Employees	1,236	833	93		740	(496)
Understanding the needs of our population, evaluating services, learning from published evidence, are all key to ensuring that we provide the right services to our population and make the best of available resources. This unit provides these important services for the directorate, the council and the CCG as part of our statutory requirements.	Premises	0	0	0		0	0
	Transport	1	1	0		1	0
	Supplies & Services	1,086	1,004	11		993	(93)
	Third Party Payments	0	0	0		0	0
	Transfer Payments	0	0	0		0	0
	Capital Charges	0	0	0		0	0
	Capital Financing					0	0
	Total Gross Expenditure	2,323	1,838	104	0	1,734	(589)
	Specific Grants	0	0	0		0	0
	Other Grants & Contributions	(127)	(128)	(128)		0	127
	Fees & Charges	0	(8)	0		(8)	(8)
	Recharge Income	(9)	(9)	(9)		0	9
	Other Income	0	0	0		0	0
Total Gross Income	(136)	(145)	(137)	0	(8)	128	
Net Expenditure	2,187	1,693	(33)	0	1,726	(461)	

		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Public Health Grant	Employees	0	0			0	0
Public Health Grant is used to fund the services identified on these templates and is received on an annual basis.	Premises	0	0			0	0
	Transport	0	0			0	0
	Supplies & Services	218	0			0	(218)
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	0	0			0	0
	Capital Financing					0	0
	Total Gross Expenditure	218	0	0	0	0	(218)
	Specific Grants	(24,714)	(24,714)			(24,714)	0
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	0	0			0	0
	Recharge Income	0	0			0	0
	Other Income	0	0			0	0
	Total Gross Income	(24,714)	(24,714)	0	0	(24,714)	0
Net Expenditure	(24,496)	(24,714)	0	0	(24,714)	(218)	

	Actual Outturn	Annual Target Budget	Earmarked Reserves	Corporate Resources	Variance (Surplus) / Deficit
	£000	£000	£'000	£'000	£000
Supplies and Services					
External & Professional Services - Contracting Costs	16,839	18,195	3	2	(1,360)
Internal & Professional Services - Contracting Costs	4,553	4,896	0	0	(343)
Central Support Costs	617	617	0	0	0
Grant Payments	480	556	0	1	(77)
Advertising & Publicity	159	37	0	4	118
Operational Services	53	83	2	26	(57)
Legal	30	4	0		26
ICT	27	16	0	0	11
Printing Stationery & General Office Expenses	27	35	0	5	(14)
Operational Services and Materials/Consumables etc	12	44	0	0	(31)
Conference Expenses	12	20	6	5	(18)
Equipment	12	8	0	2	1
Catering Provisions	10	3	1	9	(2)
Telephones	5	2	0	0	2
Postages	4	4	0	0	(0)
Subscriptions	2	1	0	1	0
Licences	1	0	0	0	1
Total Supplies & Services	22,842	24,519	11	55	(1,743)
Specific Grants					
Public Health Grant	(24,714)	(24,714)	0	0	0
Total Specific Grants	(24,714)	(24,714)	0	0	0
Other Income					
Total Other Income	0	0	0	0	0

Housing Revenue Account Financial Outturn 2018/19
1 April 2018 to 31 March 2019

Revenue

1. Overview

The financial outturn for the Housing Revenue Account is a surplus of £0.974m, which can be further analysed as follows:

	Annual Target Budget	Actual Outturn	Use of / (Cont to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Gross Expenditure	92,764	92,596	(690)	1,019	92,267	(497)
Gross Income	(131,133)	(131,610)	0	0	(131,610)	(477)
Net Expenditure	(38,369)	(39,014)	(690)	1,019	(39,343)	(974)
Carry Forward Previously Approved Revenue Contribution to Capital (RCCO)						(1,433) 833
Adjusted Net Variance After Approved CFwds & RCCO						1,292

Further details of the outturn position can be found in Appendix M1. The table below outlines the main reasons for the surplus:

Reasons for Surplus	£000
Reduced printing costs following move to managed print	(246)
Impact of Balance Sheet adjustments	711
Employer Liability Insurance (Asbestosis)	355
Demolition of Maisonettes on Windmill Lane	344
PFI Capital spend transferred from revenue	(833)
Riverside Audit Fees	30
Grounds Maintenance and tree works	17
Rental income lost due to increase RTB sales above forecast	246
Increased recharges from GF for Fraud Officer and Housing Support officers in extra care	259
Restructuring and staff turnover within Housing Management resulting in staff savings due to budgets being at top of grade, along with vacancies for 6 months while recruitment is carried out	(726)
Reduced cost of running local centres	(122)

Reasons for Surplus	£000
Lower than anticipated legal charges within Income Management.	(279)
Network rental lines for CCTV systems lower than anticipated	(62)
Recharges to GF for Housing Options and repair works	(232)
ICT Software Costs	(191)
Restructuring in Business Excellence	(35)
Central supplies and services budgets	(90)
Vacant posts withing the caretaking and cleaning services	(110)
Reduced utility costs for communal areas in high rise blocks	(181)
Increase in Building Cost Index on contracts	100
Sales to sub contractors (net)	(35)
Additional recruitment within Asset Management to reduce spend with external contractors in 2019/20	155
Other variances	(49)
Total	(974)

The outturn variance is requested to be treated as follows:

Requested Treatment	£000
Transfer to HRA balances approved in year	1,433
Reduce the transfer to HRA balances	(1,292)
Total	141

2. Available Target Resources

Target budget resources available to Housing Revenue Account were a surplus of £38.369m. This figure reflects the following amendments that have been made since the previously reported monitoring:

Target Budget Resources	£000
Target Budget as per last quarter monitoring	(39,982)
Target Adjustments -	
Transfer of budget from RCCO to Capital Charges to cover increase in depreciation charges	1,613
Revised Target Budget Resources	(38,369)

There have been no additional specific grants received by the directorate since the previously reported monitoring.

3. Virements within the Directorate

There have been no virements of over £0.250m between sub divisions within the Housing Revenue Account processed since the previously reported monitoring.

4. Variation to projected outturn at Quarter 3

In the Quarter 3 monitoring reported to Cabinet, the projected outturn for the Housing Revenue Account was a surplus of £1.433m, the variance between this and the actual outturn is a deficit of £1.292m. The table below explains the reason for this variance: -

Reasons for variation to projected outturn Q3	£000
Reduced printing costs following move to managed print	(21)
Impact of Balance Sheet adjustments	711
Employer Liability Insurance (Asbestosis)	355
Lower than anticipate legal charges within Income Management	(196)
Recharges to GF for Housing Options and repair works	(166)
ICT Software costs	(191)
Restructuring in Business Excellence	(35)
Central supplies & services budgets	(90)
Reduced utility costs for communal areas in high rise blocks	(181)
Increase in Building Cost Index (BCIS) on contracts	100
Additional recruitment within Asset Management to reduce spend with external contractors in 2019/20	155
Revenue Contribution to Capital (RCCO) - Riverside	833
Other Variances	18
Total	1,292

5. Central Items

As the directorate has no responsibility for the management of Central Items there is no Appendix M4 to this report.

6. Earmarked Reserves

The directorate has set aside sums totalling £3.010m in previous years as earmarked reserves for use on specific activities in current and future years. The directorate has contributed an additional £0.690m to earmarked reserves during the current year leaving the following balances:

Earmarked Reserve	Balance as at 31 March 2018 £000	Actual Expenditure 2018/19 £000	Remaining Balance 31 March 2019 £000
Welfare Reform Reserve	3,010	(690)	3,700
Total	3,010	(690)	3,700

7. Severance Payments

In 2017/18 a provision of £0.303m was created for severance costs of which £0.192m has been utilised during 2018/19.

Severance payment costs of £0.095m, not included in the 2017/18 provision, have been incurred with further costs of £0.391m expected. These costs will be met from Housing Revenue Account balances.

The table below summarises the position:

	Actual Costs Incurred 2018/19	Provision Created 2017/18		New Provision Created 2018/19		Net cost to service 2018/19
		Utilised	Unutilised	Outstanding Severance Payments	Future Severance Payments	
	£'000	£'000	£'000	£'000	£'000	£'000
Costs provided for in 2017/18	192	192	111	74		(37)
Costs not provided for in 2017/18	95			0	317	412
Total	287	192	111	74	317	375
Funded by:						
Directorate						0
HRA Balances						375

Use of HRA Balances

Expenditure of £1.019m incurred by the Housing Revenue Account will be met from HRA balances. This is to cover the severance costs (£0.375m) and the cost of the ongoing Transforming Tomorrow programme to improve service delivery and update IT systems (£0.644m).

Capital

Overview

The Housing Revenue Account is responsible for the delivery of capital schemes which are detailed in Appendix M5. The projected 2018/19 outturn for these schemes was £47.934m as reported within the Period 9 monitoring to cabinet on 20 February 2019. The actual outturn is £37.815m resulting in a variance of £10.119m. The main reasons for the variances above £0.100m are detailed below:

- A surplus of £0.584m on for High Rise retention payments to be made following refurbishment works
- £3.484m surplus on the new build projects at Churchvale, Metis developments and Strathmore Road whilst awaiting planning permission
- Delays in start on site and letting of contracts at West Road resulting in a surplus of £1.213m
- Surplus of £0.852m against the refurbishment of properties programme whilst new contracts were procured
- £0.743m surplus against the replacement of boilers project reflecting the implementation of new contracts.
- A surplus of £0.250m against ECO projects undertaken during other building works to implements the ECO measures.
- A surplus of £0.927m against Adaptations due to new contracts being implemented, although this money is committed to be spent.

Virements

There have been no virements between capital schemes during the period.

Section 106 Monies

As the Housing Revenue Account has no responsibility for Section 106 monies there is no Appendix M6 for this service.

Contact

Charlie Davey
Business Partner - Finance
0121 569 2310

Housing Revenue Account		Appendix M1 Directorate Outturn				
Area	Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Asset Management & Maintenance	31,646	31,692	0	65	31,627	(19)
Business Excellence	3,193	3,530	0	644	2,886	(307)
Commercial Services	4,086	3,893	0	0	3,893	(193)
Corporate HRA	20,194	21,622	0	292	21,330	1,136
Housing Management	9,284	7,928	0	18	7,910	(1,374)
PFI	(928)	(1,650)	0	0	(1,650)	(722)
Rents & Other Charges	(112,796)	(113,240)	(690)	0	(112,550)	246
SLA	6,952	7,211	0	0	7,211	259
Total Net Expenditure	(38,369)	(39,014)	(690)	1,019	(39,343)	(974)
Carry Forward Previously Approved Revenue Contribution to Capital (RCCO)						(1,433)
						833
Adjusted Net Variance After Approved CFwds & RCCO						1,292
Subjective Analysis	Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Employees	32,562	32,610	0	375	32,235	(327)
Premises	2,617	2,620	0	0	2,620	3
Transport	2,106	2,040	0	0	2,040	(66)
Supplies & Services	39,185	38,992	(690)	644	39,038	(147)
Third Party Payments	498	512	0	0	512	14
Transfer Payments	0	26	0	0	26	26
Capital Charges	15,796	15,796	0	0	15,796	0
Capital Financing	0	0	0	0	0	0
Gross Expenditure	92,764	92,596	(690)	1,019	92,267	(497)
Specific Grants	(5,713)	(5,713)	0	0	(5,713)	0
Other Grants & Contributions	0	0	0	0	0	0
Fees & Charges	(124,479)	(124,541)	0	0	(124,541)	(62)
Recharges in Target	(941)	(1,187)	0	0	(1,187)	(246)
Other Income	0	(169)	0	0	(169)	(169)
Gross Income	(131,133)	(131,610)	0	0	(131,610)	(477)
Total Net Expenditure	(38,369)	(39,014)	(690)	1,019	(39,343)	(974)

Housing Revenue Account		Appendix M2 Directorate Outturn					
		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of HRA Balances	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Asset Management & Maintenance This service area is responsible for the repairs of and maintenance of the housing stock, along with the ongoing improvements associated with the capital programme	Employees	16,955	17,108		65	17,043	88
	Premises	1,497	1,316			1,316	(181)
	Transport	1,917	1,851			1,851	(66)
	Supplies & Services	13,745	14,391			14,391	646
	Third Party Payments	0	10			10	10
	Transfer Payments	0	0			0	0
	Capital Charges	0	0			0	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	34,114	34,676	0	65	34,611	497
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	(2,057)	(2,638)			(2,638)	(581)
	Recharge Income	(411)	(346)			(346)	65
	Other Income	0	0			0	0
	Total Gross Income	(2,468)	(2,984)	0	0	(2,984)	(516)
Net Expenditure	31,646	31,692	0	65	31,627	(19)	
Business Excellence This service provides support to the HRA for strategic development, performance monitoring & customer contact	Employees	1,274	1,239			1,239	(35)
	Premises	0	5			5	5
	Transport	3	2			2	(1)
	Supplies & Services	1,916	2,285		644	1,641	(275)
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	0	0			0	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	3,193	3,531	0	644	2,887	(306)
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	0	0			0	0
	Recharge Income	0	(1)			(1)	(1)
	Other Income	0	0			0	0
	Total Gross Income	0	(1)	0	0	(1)	(1)
Net Expenditure	3,193	3,530	0	644	2,886	(307)	
Commercial Services This service looks after the cleaning of high rise blocks, along with the grounds maintenance on HRA services	Employees	2,530	2,419			2,419	(111)
	Premises	165	67			67	(98)
	Transport	148	166			166	18
	Supplies & Services	2,424	2,430			2,430	6
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	0	0			0	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	5,267	5,082	0	0	5,082	(185)
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	(1,178)	(1,180)			(1,180)	(2)
	Recharge Income	(3)	(9)			(9)	(6)
	Other Income	0	0			0	0
	Total Gross Income	(1,181)	(1,189)	0	0	(1,189)	(8)
Net Expenditure	4,086	3,893	0	0	3,893	(193)	

		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of HRA Balances	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Corporate HRA	Employees	3,784	4,516		292	4,224	440
This includes non operational costs such as capital financing charges & pension liabilities	Premises	125	474			474	349
	Transport	3	0			0	(3)
	Supplies & Services	493	1,127			1,127	634
	Third Party Payments	0	3			3	3
	Transfer Payments	0	0			0	0
	Capital Charges	15,796	15,796			15,796	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	20,201	21,916	0	292	21,624	1,423
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	(7)	(123)			(123)	(116)
	Recharge Income	0	(2)			(2)	(2)
	Other Income	0	(169)			(169)	(169)
	Total Gross Income	(7)	(294)	0	0	(294)	(287)
	Net Expenditure	20,194	21,622	0	292	21,330	1,136
Housing Management	Employees	7,625	6,899		18	6,881	(744)
This service is responsible for the management of local offices and letting of the Housing stock. It also includes income management services along with ASB & CCTV.	Premises	522	400			400	(122)
	Transport	33	19			19	(14)
	Supplies & Services	2,489	2,249			2,249	(240)
	Third Party Payments	498	498			498	0
	Transfer Payments	0	0			0	0
	Capital Charges	0	0			0	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	11,167	10,065	0	18	10,047	(1,120)
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	(1,356)	(1,308)			(1,308)	48
	Recharge Income	(527)	(829)			(829)	(302)
	Other Income	0	0			0	0
	Total Gross Income	(1,883)	(2,137)	0	0	(2,137)	(254)
	Net Expenditure	9,284	7,928	0	18	7,910	(1,374)
PFI	Employees	58	57			57	(1)
The management of the PFI stock is carried out by Riverside, with the contract running until 2031. The unitary fee is payable from here, along with the grant received from Central Government	Premises	53	116			116	63
	Transport	1	0			0	(1)
	Supplies & Services	9,012	8,126			8,126	(886)
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	0	0			0	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	9,124	8,299	0	0	8,299	(825)
	Specific Grants	(5,713)	(5,713)			(5,713)	0
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	(4,339)	(4,236)			(4,236)	103
	Recharge Income	0	0			0	0
	Other Income	0	0			0	0
	Total Gross Income	(10,052)	(9,949)	0	0	(9,949)	103
	Net Expenditure	(928)	(1,650)	0	0	(1,650)	(722)

		Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of HRA Balances	Revised Outturn	Variance (Surplus) / Deficit
		£000	£000	£000	£000	£000	£000
Rents & Other Charges	Employees	336	372			372	36
This includes rental income from council properties and expenditure mainly relates to a provision for bad debts	Premises	255	242			242	(13)
	Transport	1	2			2	1
	Supplies & Services	2,154	1,173	(690)		1,863	(291)
	Third Party Payments	0	1			1	1
	Transfer Payments	0	26			26	26
	Capital Charges	0	0			0	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	2,746	1,816	(690)	0	2,506	(240)
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	(115,542)	(115,056)			(115,056)	486
	Recharge Income	0	0			0	0
	Other Income	0	0			0	0
	Total Gross Income	(115,542)	(115,056)	0	0	(115,056)	486
Net Expenditure	(112,796)	(113,240)	(690)	0	(112,550)	246	
SLA	Employees	0	0			0	0
This is budgets for agreed internal support towards the HRA including ICT, Finance & HR	Premises	0	0			0	0
	Transport	0	0			0	0
	Supplies & Services	6,952	7,211			7,211	259
	Third Party Payments	0	0			0	0
	Transfer Payments	0	0			0	0
	Capital Charges	0	0			0	0
	Capital Financing	0	0			0	0
	Total Gross Expenditure	6,952	7,211	0	0	7,211	259
	Specific Grants	0	0			0	0
	Other Grants & Contributions	0	0			0	0
	Fees & Charges	0	0			0	0
	Recharge Income	0	0			0	0
	Other Income	0	0			0	0
	Total Gross Income	0	0	0	0	0	0
Net Expenditure	6,952	7,211	0	0	7,211	259	

Housing Revenue Account	Appendix M3 - Sub Analysis		
	Actual Outturn	Annual Target Budget	Variance (Surplus) / Deficit
	£000	£000	£000
Supplies and Services			
General Recharges	12,464	11,972	492
Contract Payments	9,900	8,753	1,147
PFI Unitary Fee	8,054	8,988	(934)
Building Products	4,199	3,309	890
Professional Services	1,521	1,102	419
Doubtful Debt Provision	660	1,700	(1,040)
Legal	462	673	(211)
Waste Disposal Charge	398	423	(25)
Insurance	329	340	(11)
ICT	258	500	(242)
Office Expenses	174	606	(432)
Grants	150	180	(30)
Bank Charges & Commissions	100	58	42
Architects	93	2	91
Equipment & Furniture	59	291	(232)
Conference Expenses	49	50	(1)
Tenants Expenses	47	97	(50)
Protective Clothing & Uniforms	27	67	(40)
Subscriptions	23	24	(1)
Licences	18	16	2
Pest Control	6	18	(12)
Bi-Lingual Translation	1	16	(15)
Total Supplies & Services	38,992	39,185	(193)
Specific Grants			
PFI Subsidy	(5,713)	(5,713)	0
Total Specific Grants	(5,713)	(5,713)	0
Other Income			
Interst on Balances	(169)	0	(169)
Total Other Income	(169)	0	(169)

Housing Revenue Account

Appendix M5 - Capital

	Revised 2018/19 Budget as @ Period 9			Actual Outturn 2018/19 £'000	(Surplus) / Deficit for the Year £'000
	Main Programme	Self Financing	Total		
	£'000	£'000	£'000		
Prudential Borrowing - New build (inc HCA Grant)					
Moor Lane Extra Care	335	0	335	338	3
Carrisbrooke Close	5,119	1,368	6,487	5,946	(541)
West Road	1,213	1,287	2,500	1,275	(1,225)
Strathmore Road	2,484	0	2,484	307	(2,177)
Prudential Borrowing - New build (1-4-1 Receipts)					
Metis Developments	550	0	550	0	(550)
Ex Neighbourhood Offices New Build	13	0	13	13	0
Ex Neighbourhood Offices New Build - Gladstone Street	10	0	10	0	(10)
Ex Neighbourhood Offices New Build - Hilton Road	44	0	44	0	(44)
Ex Neighbourhood Offices New Build - Ladbury Road	11	0	11	0	(11)
Ex Neighbourhood Offices New Build - Monmouth Drive	44	0	44	0	(44)
Kier Housing - Kent Close, Tibbington	25	0	25	0	(25)
Oxford Road Extra Care - New Build	1,380	0	1,380	1,263	(117)
Brindley 2	24	0	24	2	(22)
Churchvale	647	0	647	126	(521)
Friardale Close Bungalows	0	0	0	36	36
Prudential Borrowing - High Rise					
The Crofts	86	0	86	3	(83)
Charlemont Farm	14	0	14	0	(14)
Kynaston House	185	0	185	54	(131)
Lion Farm	7,257	0	7,257	7,113	(144)
Beaconview	46	0	46	0	(46)
Nelson House	378	0	378	69	(309)
Darley House	23	0	23	7	(16)
Alfred Gunn House	199	0	199	194	(5)
Emergency Cladding Works	30	0	30	27	(3)
Mountford House	325	0	325	260	(65)
High Rise - General	80	0	80	98	18
Prudential Borrowing - Other					
Internal Refurbishment	852	0	852	0	(852)
Boiler Replacement	3,000	0	3,000	1,979	(1,021)
RTB Buy Backs	1,500	0	1,500	1,759	259
Sandfield House	470	0	470	0	(470)
ECO Projects	740	0	740	0	(740)
RTB Receipts - 1-4-1 Replacement					
Brindley 2	1	0	1	1	0
Ex Neighbourhood Offices New Build	6	0	6	6	0
Ex Neighbourhood Offices New Build - Ladbury Road	5	0	5	0	(5)
Oxford Road Extra Care - New Build	592	0	592	541	(51)
Churchvale	278	0	278	54	(224)
Friardale Close Bungalows	0	0	0	16	16
RCCO : MRA/Ringfenced Approvals					
Internal Refurbishment	8,784	0	8,784	7,712	(1,072)
Boiler Replacement	2,000	0	2,000	2,278	278
Single to Double Glazing & Composite Doors	900	0	900	1,017	117
Replacement of CO2 and Smoke Detectors	0	0	0	276	276
Adaptations for Disabled	0	0	0	2,897	2,897
Sandfield House	0	0	0	1,080	1,080
Property Conversions	0	0	0	99	99
Estate Improvements	0	0	0	136	136
RCCO - Other					
Adaptations for Disabled	3,824	0	3,824	0	(3,824)
ECO Projects	260	0	260	0	(260)
Estate Improvements	632	0	632	0	(632)
Property Conversions	121	0	121	0	(121)
Replacement of CO2 and Smoke Detectors	267	0	267	0	(267)
Sandfield House	525	0	525	0	(525)
Riverside PFI	0	0	0	833	833
Total Housing Revenue Account	45,279	2,655	47,934	37,815	(10,119)

Schools Financial Outturn 2018/19
1 April 2018 to 31 March 2019

Revenue

1. Overview

The financial outturn for the Individual Schools Budget (ISB) ledger is a deficit of £1.000m. The deficit relates to the ring-fenced Dedicated Schools Grant and is therefore required to be carried forward.

Area	Annual Target Budget	Actual Outturn	Use of / (Contribution to) Reserves	Use of Corporate Resources	Revised Outturn	Variance (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Individual School Budgets	0	563	(437)	0	1,000	1,000
Total Net Expenditure	0	563	(437)	0	1,000	1,000
Carry Forward Previously Approved Revenue Contribution to Capital (RCCO)						0 0
Adjusted Net Variance After Approved CFwds & RCCO						1,000

School Balances

At the end of 2017/18 accumulates schools balances (including non-schools expenditure and income) were £33.551m. These balances have reduced by £1.000m to £32.551m.

This includes an increase of £2.060m against schools' budget share and a decrease of £3.060m against other budgets.

Appendix A provides details of each individual schools' budget share balance as at 31st March 2019 compared to 31st March 2018. The cumulative level of school balances is summarised in the following table.

	Brought Forward £m	In-Year Movement £m	Carry Forward £m
Primary	16.802	1.833	18.64
Secondary	1.464	0.101	1.57
Special	1.512	0.126	1.64
Schools	19.778	2.060	21.838

There are 2 schools closing with a deficit budget share for 2018/19: -
 Rounds Green Primary (£0.310m)
 Sacred Heart (£0.048m)

There was one school; Tameside Primary; that converted to an academy during 2018/19.

2. Earmarked Reserves

The directorate has set aside sums totalling £2.070m in previous years as earmarked reserves for use on specific activities in current and future years. A net contribution of £0.436m was made to earmarked reserves during the current year leaving the following balances remaining: -

Earmarked Reserve	Balance as at 31 March 2018 £000	Actual Expenditure 2018/19 £000	Remaining Balance 31 March 2019 £000
			0
BSF FM Sinking Fund	2,070	(436)	2,506
			0
Total	2,070	(436)	2,506

3. Severance Payments

The contracts of 67 employees were ended during 2018/19 within schools. This incurred liabilities totalling £0.546m which has been met by individual schools.

As at 31st March 2019 there are no outstanding liabilities in relation to those employees who have left during the year and there are no legal and constructive obligations in place for employees to leave the Council during 2019/20.

The table below summarises the position:

	Actual Costs Incurred 2018/19	Provision Created 2017/18		New Provision Created 2018/19		Net cost to service 2018/19
		Utilised	Unutilised	Outstanding Severance Payments	Future Severance Payments	
	£'000	£'000	£'000	£'000	£'000	£'000
Costs provided for in 2017/18	0	0	0	0		0
Costs not provided for in 2017/18	545,771			0	0	545,771
Total	545,771	0	0	0	0	545,771
Funded by:						
Directorate						545,771
Corporate Resources						0

Use of Corporate Resources

The ISB has not requested any funding from Corporate Resources.

Contact

Steve Lilley
Service Manager

0121 569 3863

SCHOOL BALANCES

School	2017/18					2018/19				
	BUDGET SHARE	STANDARDS FUND CAPITAL	COMMUNITY FUNDS	OTHER FUNDS	TOTAL	BUDGET SHARE	STDS FUND CAPITAL	COMMUNITY FUNDS	OTHER FUNDS	TOTAL
ABBEY INFANT	102,238.93	0.00	0.00	0.00	102,238.93	150,041.82	12,510.81	0.00	0.00	162,552.63
ABBEY JUNIOR	59,263.80	0.00	0.00	0.00	59,263.80	75,245.06	14,674.80	0.00	0.00	89,919.86
ALBERT PRITCHARD INF	165,729.78	0.00	0.00	0.00	165,729.78	181,918.58	23,946.79	0.00	0.00	205,865.37
ALL SAINTS JR & INF	235,689.27	0.00	0.00	0.00	235,689.27	304,096.46	0.00	0.00	0.00	304,096.46
ANNIE LENNARD	364,915.33	12,687.00	0.00	0.00	377,602.33	358,497.44	0.00	0.00	0.00	358,497.44
BEARWOOD JR & INF	353,476.73	50,080.00	0.00	0.00	403,556.73	359,550.43	42,696.00	0.00	0.00	402,246.43
BLACKHEATH JR & INF	608,892.18	31,103.00	0.00	0.00	639,995.18	763,347.47	45,164.46	0.00	0.00	808,511.93
BLEAKHOUSE JUNIOR	120,261.87	7,161.95	0.00	0.00	127,423.82	168,402.67	20,398.00	0.00	0.00	188,800.67
BRANDHALL JR & INF	125,744.39	0.00	0.00	0.00	125,744.39	184,249.58	0.00	0.00	0.00	184,249.58
BRICKHOUSE JR & INF	27,287.39	0.00	0.00	0.00	27,287.39	35,862.03	6,700.88	0.00	0.00	42,562.91
BURNT TREE JR & INF	267,149.03	29,185.21	0.00	0.00	296,334.24	271,927.15	26,781.51	0.00	0.00	298,708.66
CAPE JR & INF	671,416.86	11,528.50	0.00	0.00	682,945.36	665,723.37	47,546.99	0.00	0.00	713,270.36
CAUSEWAY GREEN JR & INF	220,381.55	10,691.00	0.00	0.00	231,072.55	255,826.93	12,679.88	0.00	0.00	268,506.81
CHRIST CHURCH JR & INF	53,376.29	0.00	0.00	0.00	53,376.29	119,735.96	0.00	192,946.00	0.00	312,681.96
CROCKETTS LANE INF	483,443.35	8,155.75	0.00	0.00	491,599.10	699,342.07	33,336.74	0.00	0.00	732,678.81
Eaton Valley	469,834.02	0.00	0.00	0.00	469,834.02	396,506.26	0.00	0.00	0.00	396,506.26
FERNDALE JR & INF	149,830.16	2,360.95	(141,803.37)	0.00	10,387.74	313,123.89	0.00	(132,197.12)	0.00	180,926.77
GALTON VALLEY	427,560.47	9,546.00	42,232.83	0.00	479,339.30	529,030.57	30,260.00	38,765.93	0.00	598,056.50
GLEBEFIELDS JR & INF	184,994.77	9,006.00	0.00	0.00	194,000.77	150,983.25	11,320.82	0.00	0.00	162,304.07
GRACE MARY JR & INF	179,338.10	11,517.00	0.00	0.00	190,855.10	133,711.83	10,193.24	0.00	0.00	143,905.07
GREAT BRIDGE JR & INF	233,586.59	8,612.00	0.00	0.00	242,198.59	271,169.41	26,357.00	0.00	0.00	297,526.41
GROVE VALE JR & INF	148,705.22	19,688.00	0.00	0.00	168,393.22	265,724.05	2,841.00	0.00	0.00	268,565.05
HANBURY PRIMARY	777,899.75	0.00	0.00	0.00	777,899.75	661,326.35	6,756.24	0.00	0.00	668,082.59
HALL GREEN JR & INF	937,766.65	39,397.52	0.00	0.00	977,164.17	899,892.98	23,123.60	0.00	0.00	923,016.58
HAMSTEAD INF	114,895.06	14,571.00	0.00	0.00	129,466.06	126,544.79	24,761.98	0.00	0.00	151,306.77
HAMSTEAD JUNIOR	160,355.54	13,220.00	0.00	0.00	173,575.54	210,075.69	30,537.80	0.00	0.00	240,613.49
HARGATE JR & INF	418,439.63	70,491.00	0.00	0.00	488,930.63	528,768.30	63,952.83	0.00	0.00	592,721.13
HARVILLS HAWTHORN PR	379,448.61	2,341.00	0.00	0.00	381,789.61	337,236.51	18,401.25	0.00	0.00	355,637.76
HATELEY HEATH PRIM	135,520.39	8,629.00	(318,714.87)	0.00	(174,565.48)	18,483.05	20,884.56	0.00	0.00	39,367.61
HIGHFIELDS JR & INF	207,549.80	24,048.00	0.00	0.00	231,597.80	199,519.32	38,544.30	0.00	0.00	238,063.62
HOLY NAME RC JR & INF	155,727.67	0.00	0.00	0.00	155,727.67	187,082.02	0.00	0.00	0.00	187,082.02
HOLY TRINITY JR & INF	212,202.64	0.00	0.00	0.00	212,202.64	258,518.19	21,084.87	0.00	0.00	279,603.06
JOSEPH TURNER JR & INF	186,352.03	8,592.00	0.00	0.00	194,944.03	204,615.65	0.00	0.00	0.00	204,615.65
KING GEORGE V PRIMARY	69,588.86	0.00	0.00	0.00	69,588.86	88,044.35	10,210.98	0.00	0.00	98,255.33
LANGLEY JR & INF	355,918.06	0.00	0.00	0.00	355,918.06	404,170.89	0.00	0.00	0.00	404,170.89
LIGHTWOODS JR & INF	62,418.45	4,282.86	0.00	0.00	66,701.31	202,817.03	16,684.12	0.00	0.00	219,501.15

School	2017/18					2018/19				
	BUDGET SHARE	STANDARDS FUND CAPITAL	COMMUNITY FUNDS	OTHER FUNDS	TOTAL	BUDGET SHARE	STDS FUND CAPITAL	COMMUNITY FUNDS	OTHER FUNDS	TOTAL
LODGE JR & INF	232,799.61	0.00	0.00	0.00	232,799.61	257,641.39	0.00	0.00	0.00	257,641.39
LYNG JUNIOR & INF	208,202.68	0.00	0.00	0.00	208,202.68	220,564.55	17,596.89	0.00	0.00	238,161.44
MOAT FARM INF	147,280.10	642.00	10,352.60	0.00	158,274.70	185,168.84	24,262.00	43,643.67	0.00	253,074.51
MOAT FARM JUNIOR	207,327.25	0.00	0.00	0.00	207,327.25	271,702.44	18,540.00	0.00	0.00	290,242.44
MOORLANDS JR & INF	128,398.58	0.00	0.00	0.00	128,398.58	163,693.12	0.00	0.00	0.00	163,693.12
NEWTOWN JR & INF	(29,903.63)	0.00	0.00	0.00	(29,903.63)	38,301.90	11,906.12	0.00	0.00	50,208.02
OAKHAM JR & INF	464,976.37	0.00	0.00	0.00	464,976.37	518,529.67	17,011.90	0.00	0.00	535,541.57
OCKER HILL INFANTS	169,499.45	2,839.00	0.00	0.00	172,338.45	88,209.73	12,129.58	0.00	0.00	100,339.31
OLD HILL JR & INF	71,531.94	0.00	0.00	0.00	71,531.94	122,556.80	16,927.00	0.00	0.00	139,483.80
OLD PARK JR & INF	423,937.79	20,805.43	79,899.73	0.00	524,642.95	403,964.89	35,033.36	105,986.89	0.00	544,985.14
PARK HILL JR & INF	139,324.36	0.00	0.00	0.00	139,324.36	202,093.87	18,945.00	0.00	0.00	221,038.87
PENNYHILL	404,536.88	9,566.33	90,625.99	0.00	504,729.20	417,401.27	11,484.32	100,461.23	0.00	529,346.82
PERRYFIELDS JR & INF	132,437.19	0.00	0.00	0.00	132,437.19	207,450.34	5,709.70	0.00	0.00	213,160.04
PRIORY PRIMARY	169,391.63	0.00	0.00	0.00	169,391.63	206,235.53	17,846.17	0.00	0.00	224,081.70
REDDAL HILL JR & INF	250,811.85	5,563.00	0.00	0.00	256,374.85	315,985.25	0.00	0.00	0.00	315,985.25
ROOD END JR & INF	156,679.33	0.00	0.00	0.00	156,679.33	105,278.86	639.98	0.00	0.00	105,918.84
ROUNDS GREEN JR & INF	(543.44)	0.00	0.00	0.00	(543.44)	(309,808.44)	13,607.96	0.00	0.00	(296,200.48)
ROWLEY HALL JR & INF	113,835.88	0.00	60,580.88	0.00	174,416.76	101,978.74	1,174.81	65,476.47	0.00	168,630.02
RYDERS GREEN JR & INF	301,328.11	0.00	0.00	0.00	301,328.11	272,647.21	8,539.00	0.00	0.00	281,186.21
SACRED HEART JR & INF	2,223.99	21,522.00	0.00	0.00	23,745.99	(47,524.06)	17,125.94	0.00	0.00	(30,398.12)
SPRINGFIELD PRIMARY	281,519.46	1,547.34	0.00	0.00	283,066.80	318,513.65	21,301.39	0.00	0.00	339,815.04
ST JAMES CE PRIMARY	235,995.33	484.23	0.00	0.00	236,479.56	284,120.89	16,802.73	0.00	0.00	300,923.62
ST JOHN BOSCO JR & INF	255,049.83	0.00	0.00	0.00	255,049.83	225,709.65	0.00	271,284.77	0.00	496,994.42
ST MARGARETS JR & INF	105,619.64	0.00	0.00	0.00	105,619.64	146,074.82	0.00	0.00	0.00	146,074.82
ST MARTINS JR & INF	73,644.45	0.00	0.00	0.00	73,644.45	108,748.60	17,144.40	0.00	0.00	125,893.00
ST MARY MAG JR & INF	188,498.09	0.00	0.00	0.00	188,498.09	152,155.01	10,422.85	0.00	0.00	162,577.86
ST MARY'S JR & INF	91,958.86	0.00	0.00	0.00	91,958.86	118,208.86	0.00	0.00	0.00	118,208.86
ST MATTHEWS JR & INF	229,286.60	0.00	0.00	0.00	229,286.60	363,385.95	0.00	0.00	0.00	363,385.95
TAMESIDE	189,591.86	30,664.47	0.00	0.00	220,256.33	0.00	0.00	0.00	0.00	0.00
TEMPLE MEADOW JR & INF	67,996.93	0.00	0.00	0.00	67,996.93	135,320.72	1,201.79	0.00	0.00	136,522.51
TIPTON GREEN JUNIOR	114,809.87	0.00	0.00	0.00	114,809.87	174,752.82	12,749.30	0.00	0.00	187,502.12
TIVIDALE HALL JR & INF	176,492.05	0.00	0.00	0.00	176,492.05	196,247.17	17,751.42	0.00	0.00	213,998.59
TIVIDALE COMMUNITY	395,785.49	0.00	0.00	0.00	395,785.49	457,897.27	0.00	0.00	0.00	457,897.27
UPLANDS MANOR PRIMARY	275,934.01	0.35	0.00	0.00	275,934.36	511,670.82	0.00	0.00	0.00	511,670.82
WARLEY INFANTS	118,195.40	0.00	0.00	0.00	118,195.40	101,707.95	13,678.00	0.00	0.00	115,385.95
WHITECREST JR & INF	53,824.51	6,385.00	0.00	0.00	60,209.51	94,015.77	9,805.20	0.00	0.00	103,820.97
WOOD GREEN JUNIOR	105,127.76	0.00	0.00	0.00	105,127.76	161,060.18	0.00	0.00	0.00	161,060.18
YEW TREE JR & INF	321,635.78	11,232.91	0.00	0.00	332,868.69	362,342.98	40,821.60	0.00	0.00	403,164.58
PRIMARY TOTAL	16,802,241.05	518,146.80	(176,826.21)	0.00	17,143,561.64	18,635,116.45	1,052,509.86	686,367.84	0.00	20,373,994.15

School	2017/18					2018/19				
	BUDGET SHARE	STANDARDS FUND CAPITAL	COMMUNITY FUNDS	OTHER FUNDS	TOTAL	BUDGET SHARE	STDS FUND CAPITAL	COMMUNITY FUNDS	OTHER FUNDS	TOTAL
HOLLY LODGE HIGH	404,750.62	322.38	0.00	0.00	405,073.00	252,158.02	75,989.28	0.00	0.00	328,147.30
PHOENIX	761,813.38	0.00	0.00	0.00	761,813.38	781,644.75	31,546.26	0.00	0.00	813,191.01
PERRYFIELDS HIGH	(80,596.72)	2,905.00	0.00	0.00	(77,691.72)	45,544.61	67,438.25	0.00	0.00	112,982.86
ST MICHAELS CE HIGH	110,324.77	0.00	0.00	0.00	110,324.77	348,803.89	0.00	0.00	0.00	348,803.89
STUART BATHURST	267,608.68	0.00	0.00	0.00	267,608.68	136,933.25	0.00	0.00	0.00	136,933.25
SECONDARY TOTAL	1,463,900.73	3,227.38	0.00	0.00	1,467,128.11	1,565,084.52	174,973.79	0.00	0.00	1,740,058.31
MEADOWS	293,830.80	6,944.00	0.00	0.00	300,774.80	365,378.44	22,388.00	0.00	0.00	387,766.44
ORCHARD	423,720.17	49,930.60	0.00	0.00	473,650.77	462,931.44	75,735.83	0.00	0.00	538,667.27
WESTMINSTER	669,119.70	0.00	0.00	0.00	669,119.70	714,474.24	0.00	0.00	0.00	714,474.24
SHENSTONE	125,585.08	6,295.00	0.00	0.00	131,880.08	95,303.61	22,659.00	0.00	0.00	117,962.61
SPECIAL TOTAL	1,512,255.75	63,169.60	0.00	0.00	1,575,425.35	1,638,087.73	120,782.83	0.00	0.00	1,758,870.56
SCHOOLS TOTAL	19,778,397.54	584,543.78	(176,826.21)	0.00	20,186,115.11	21,838,288.70	1,348,266.48	686,367.84	0.00	23,872,923.02

Appendix O

Annual Report on the Treasury Management Service and Actual Prudential Indicators 2018/19

Purpose

The council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2018/19. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code) and the Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

Executive Summary

During 2018/19 the council complied with its legislative and regulatory requirements. The actual prudential indicators for the year along with prior year comparators are as follows:

	2017/18 £'m	2018/19 £'m
Actual Capital Expenditure	87.504	77.629
Capital Financing Requirement (CFR)		
General Fund	332.929	319.611
HRA	419.037	421.501
Total	751.966	741.112
Financing Costs as a Proportion of Net Revenue Stream		
General Fund	6.1%	6.7%
Housing Revenue Account	23.9%	26.2%

Other prudential and treasury indicators are to be found in the main body of this report. The Chief Financial Officer also confirms that borrowing was only undertaken for capital purposes and that the statutory borrowing limit (Authorised Limit) was not breached.

At 31 March 2019, the council's external debt was £517.577m (£498.245m at 31 March 2018) and its investments totalled £42.846m (£41.351m at 31 March 2018).

The financial year 2018/19 continued with the challenging environment of previous years, mainly low investment returns.

Recommendations

The council is recommended to:

- Approve the actual 2018/19 prudential and treasury indicators in this report.
- Note the annual treasury management report for 2018/19.

Annual Report on the Treasury Management Service and Actual Prudential Indicators 2018/19

1. Introduction

1.1. This report summarises:

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness, (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity

2. The Council's Capital Expenditure and Financing 2018/19

2.1. The council undertakes capital expenditure on long term assets. These activities can either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc) which has no resultant impact on the council's borrowing need; or
- Financed by borrowing if insufficient financing is available, or a decision is taken to not apply resources. This expenditure will subsequently increase the council's borrowing need.

2.2. Actual capital expenditure is one of the required prudential indicators. The table below also shows how this expenditure was financed.

	2017/18	2018/19	
	Actual £'m	Estimate £'m	Actual £'m
Capital Expenditure			
General Fund	38.022	60.611	39.816
HRA	49.482	68.073	37.813
Total	87.504	128.684	77.629
Resourced by:			
Capital Receipts	14.252	12.772	6.629
Capital Grants & Contributions	29.180	44.314	34.802
Revenue Contributions	29.930	22.926	16.330
Capital Expenditure Financed from Borrowing	14.142	48.672	19.868

3. The Council's Overall Borrowing Need

3.1. The council's underlying need to borrow for capital expenditure is called the Capital Financing Requirement (CFR). This figure is a gauge for the council's debt position. The CFR results from the capital activity of the Council and resources used to pay for

the Capital spend. It represents the 2018/19 unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

- 3.2. Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, such as the Government, through the Public Works Loan Board (PWLB), the money markets or utilising temporary cash resources within the Council.
- 3.3. Reducing the CFR – the council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the assets. The council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need, (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.
- 3.4. The total CFR can also be reduced by:
- the application of additional capital financing resources, (such as unapplied capital receipts); or
 - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
- 3.5. The council's 2018/19 MRP Policy (as required by MHCLG Guidance) was approved as part of the Treasury Management Strategy Report for 2018/19 on 28 February 2018.
- 3.6. The council's CFR for the year is shown below and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet. No borrowing is actually required against these schemes as a borrowing facility is included within the contract.

	31 March 18 Actual	31 March 19 Mid Year Indicator	31 March 2019		
			HRA Actual	General Fund Actual	Total
	£'m	£'m	£'m	£'m	£'m
Opening Capital Financing Requirement	767.351	751.966	419.037	332.929	751.966
add: Capital Expenditure funded from Borrowing	14.142	48.672	17.245	2.623	19.868
less: MRP	-24.430	-26.482	-14.053	-12.427	-26.480
add: Movement on Other Long Term Liabilities	-5.097	-5.331	-0.728	-3.514	-4.242
adj: Appropriation of Assets	0.000	0.000	0.000	0.000	0.000
Closing Capital Financing Requirement	751.966	768.825	421.501	319.611	741.112

4. Treasury Position at 31 March 2019

- 4.1. The Council's treasury management debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well

established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury management practices.

- 4.2. The figures in this report are based on the principal amounts borrowed and invested and so may differ from those in the final accounts by items such as accrued interest.
- 4.3. During 2018/19 the Chief Financial Officer managed the debt position to £517.577m; the treasury position at the 31 March 2019 compared with the previous year was:

	31 March 2018				31 March 2019			
	Principal			Average Rate	Principal			Average Rate
	HRA	General Fund	Total		HRA	General Fund	Total	
£'m	£'m	£'m	%	£'m	£'m	£'m	%	
Actual Borrowing Position								
Fixed Interest Rate Debt	384.619	96.264	480.883	4.38	372.193	93.133	465.326	4.39
Variable Interest Rate Debt	0.000	17.362	17.362		0.000	52.251	52.251	
Total Debt	384.619	113.626	498.245		372.193	145.384	517.577	
Capital Financing Requirement (CFR)	419.037	332.929	751.966		421.501	319.611	741.112	
Borrowing Above / (Below) CFR	-34.418	-219.303	-253.721		-49.308	-174.227	-223.535	
Investment Position								
Fixed Interest Investments	0.000	5.250	5.250		0.000	11.250	11.250	
Variable Interest Investments	0.000	36.101	36.101		0.000	31.596	31.596	
Total Investments	0.000	41.351	41.351		0.000	42.846	42.846	
Net Borrowing Position	384.619	72.275	456.894		372.193	102.538	474.731	

The maturity structure of the debt portfolio was as follows:

	31 March 2018	2018/19 Original Limits	31 March 2019	
	Actual		Actual	
	%	%	%	£'m
Under 12 months	9.73%	20.00%	13.69%	70.868
12 months and within 24 months	0.72%	20.00%	3.84%	19.883
24 months and within 5 years	10.45%	25.00%	9.16%	47.414
5 years and within 10 years	11.40%	50.00%	8.14%	42.140
10 years and above	67.69%	90.00%	65.16%	337.272
	100.00%		100.00%	517.577

5. Prudential Indicators and Compliance Issues

- 5.1. Borrowing activity is constrained by prudential indicators for gross borrowing, the CFR and by the authorised limit.
- 5.2. **Gross Borrowing and the CFR** – in order to ensure that borrowing levels are prudent over the medium term and only for capital purposes, the council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement for the preceding year (2017/18) plus the estimates of any additional capital financing requirement for the current (2018/19) and next two financial years. This essentially means that the council is not borrowing to support revenue expenditure. This indicator allowed the council some flexibility to borrow in advance of its immediate capital needs in 2018/19. The table below highlights the council's gross borrowing position against the CFR. The council has complied with this prudential indicator.

	31 March 2018		31 March 2019	
	HRA £'m	General Fund £'m	HRA £'m	General Fund £'m
Gross Borrowing Position	384.619	113.626	372.193	145.384
CFR	419.037	332.929	421.501	319.611

- 5.3. **The Authorised Limit** – This is the ‘affordable borrowing limit’ required by section 3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2018/19 the council has maintained gross borrowing within its authorised limit.

The Operational Boundary – This is the expected borrowing position of the council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

	2018/19 £'m
Original Indicators	
Authorised Limit	741.112
Operational Boundary	599.677
Actual Performance	
Maximum Gross Borrowing Position	545.339
Average Gross Borrowing Position	521.036
Financing Costs as a Proportion of Net Revenue Stream	13.6%

6. The Strategy Agreed for 2018/19

- 6.1 Investment returns remained low during 2018/19. The expectation for interest rates within the treasury management strategy for 2018/19 was that Bank Rate would rise from 0.50% to 0.75%. At the start of 2018-19, and after UK GDP growth had proved disappointingly weak in the first few months of 2018, the expectation for the timing of this increase was pushed back from May to August 2018. Investment interest rates were therefore on a gently rising trend in the first half of the year after April, in anticipation that the MPC would raise Bank Rate in August. This duly happened at the MPC meeting on 2 August 2018. During this period, investments were, therefore, kept shorter term in anticipation that rates would be higher later in the year.

It was not expected that the MPC would raise Bank Rate again during 2018-19 after August in view of the fact that the UK was entering into a time of major uncertainty with Brexit due in March 2019. Value was therefore sought by placing longer term investments after 2 August where cash balances were sufficient to allow this.

Investment rates were little changed during August to October but rose sharply after the MPC meeting of 1 November was unexpectedly hawkish about their perception of building inflationary pressures, particularly from rising wages. However, weak GDP

growth data after December, plus increasing concerns generated by Brexit, resulted in investment rates falling back again.

Continued uncertainty in the aftermath of the 2008 financial crisis has promoted a cautious approach whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

- 6.2 Since PWLB rates peaked during October 2018, most PWLB rates have been on a general downward trend, though longer term rates did spike upwards again during December and (apart from the one year rate) reached lows for the year at the end of March. There was a significant level of correlation between movements in US Treasury yields and UK gilt yields -which determine PWLB rates. The Fed in America increased the Fed Rate four times in 2018, making nine increases in all in this cycle, to reach 2.25% – 2.50% in December. However, it had been giving forward guidance that rates could go up to nearly 3.50%. These rate increases and guidance caused Treasury yields to also move up. However financial markets considered by December 2018, that the Fed had gone too far, and discounted its expectations of further increases. Since then, the Fed has also come around to the view that there are probably going to be no more increases in this cycle. The issue now is how many cuts in the Fed Rate there will be and how soon, in order to support economic growth in the US. But weak growth now also looks to be the outlook for China and the European Union so this will mean that world growth as a whole will be weak. Treasury yields have therefore fallen sharply during 2019 and gilt yields / PWLB rates have also fallen.

7. Actual debt management activity during 2018/19

- 7.1. **Borrowing** – one short term loan totalling £15.000m was drawn and two long term soft loans totalling £0.571m were drawn in 2018/19 to fund the net unfinanced capital expenditure and naturally maturing debt.
- 7.2. **Rescheduling** – No rescheduling of debt was undertaken during 2018/19.
- 7.3. **Repayment** – Seven debts matured during 2018/19 (two short term and five long term) totalling £41.786m. No early repayment of debt was undertaken during 2018/19.

8. Investment Position

- 8.1. **Investment Policy** – The council's investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by council on 28 February 2018. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data. The investment activity during the year, conformed to the approved strategy and the council had no liquidity difficulties.
- 8.2. **Resources** – The council's longer-term cash balances comprise primarily revenue and capital resources, although these will be influenced by cash flow considerations. The council's core cash resources include the council's balances, earmarked reserves, provisions and capital receipts.
- 8.3. **Investments Held by The Council** - The council maintained an average balance of £68.252m of internally managed funds. The internally managed funds received an average return of 0.698%. The comparable performance indicator is the average 7-day

LIBID rate as at 31 March 2019, which was 0.568%. The LIBID rate saw a sharp increase in August 2018 to reflect the MPC's Bank Rate increase from 0.50% to 0.75%. The council has seen a steady increase on returns, towards the second half of 2018/19.

9. Performance Indicators set for 2018/19

- 9.1 One of the key requirements in the Code is the formal introduction of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide. The council's performance indicators were set out in the annual Treasury Management Strategy Statement.

10. The Economy and Interest Rates

UK. After weak economic growth of only 0.2% in quarter one of 2018, growth picked up to 0.4% in quarter 2 and to a particularly strong 0.7% in quarter 3, before cooling off to 0.2% in the final quarter. Given all the uncertainties over Brexit, this weak growth in the final quarter was as to be expected. However, some recovery in the rate of growth is expected going forward. The annual growth in Q4 came in at 1.4% y/y confirming that the UK was the third fastest growing country in the G7 in quarter 4.

After the Monetary Policy Committee raised Bank Rate from 0.5% to 0.75% in August 2018, it is little surprise that they have abstained from any further increases since then. We are unlikely to see any further action from the MPC until the uncertainties over Brexit clear. If there were a disorderly exit, it is likely that Bank Rate would be cut to support growth. Nevertheless, the MPC has been having increasing concerns over the trend in wage inflation which peaked at a new post financial crisis high of 3.5%, (excluding bonuses), in the three months to December before falling only marginally to 3.4% in the three months to January. British employers ramped up their hiring at the fastest pace in more than three years in the three months to January as the country's labour market defied the broader weakness in the overall economy as Brexit approached. The number of people in work surged by 222,000, helping to push down the unemployment rate to 3.9 percent, its lowest rate since 1975. Correspondingly, the total level of vacancies has risen to new highs.

As for CPI inflation itself, this has been on a falling trend since peaking at 3.1% in November 2017, reaching a new low of 1.8% in January 2019 before rising marginally to 1.9% in February. However, in the February 2019 Bank of England Inflation Report, the latest forecast for inflation over both the two and three year time horizons remained marginally above the MPC's target of 2%.

The rise in wage inflation and fall in CPI inflation is good news for consumers as their spending power is improving in this scenario as the difference between the two figures is now around 1.5%, i.e. a real term increase. Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months.

Brexit. The Conservative minority government has so far, (8.4.19), been unable to muster a majority in the Commons over its Brexit deal. The EU has set a deadline of April 12 for the House of Commons to propose what form of Brexit it would support. If another form of Brexit, other than the proposed deal, does get a majority by April 12, then it is likely there will need to be a long delay to Brexit to allow time for negotiations with the EU. It appears unlikely that there would be a Commons majority which would

support a disorderly Brexit or revoking article 50, (cancelling Brexit). There would also need to be a long delay if there is no majority for any form of Brexit. If that were to happen, then it increases the chances of a general election in 2019; this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a (temporary) boost in consumption in 2018 which generated an upturn in the strong rate of growth; this rose from 2.2%, (annualised rate) in quarter 1 of 2018 to 4.2% in quarter 2, 3.5% in quarter 3 and then back to 2.2% in quarter 4. The annual rate came in at 2.9% for 2018, just below President Trump's aim for 3% growth. The strong growth in employment numbers has fed through to an upturn in wage inflation which hit 3.4% in February, a decade high point. However, CPI inflation overall fell to 1.5% in February, a two and a half year low, and looks to be likely to stay around that number in 2019 i.e. below the Fed's target of 2%. The Fed increased rates another 0.25% in December to between 2.25% and 2.50%, this being the fourth increase in 2018 and the ninth in the upward swing cycle. However, the Fed now appears to be edging towards a change of direction and admitting there may be a need to switch to taking action to cut rates over the next two years. Financial markets are now predicting two cuts of 25 bps by the end of 2020.

EUROZONE. The European Central Bank (ECB) provided massive monetary stimulus in 2016 and 2017 to encourage growth in the EZ and that produced strong annual growth in 2017 of 2.3%. However, since then the ECB has been reducing its monetary stimulus measures and growth has been weakening - to 0.4% in quarters 1 and 2 of 2018, and then slowed further to 0.2% in quarters 3 and 4; it is likely to be only 0.1 - 0.2% in quarter 1 of 2019. The annual rate of growth for 2018 was 1.8% but is expected to fall to possibly around half that rate in 2019. The ECB completely ended its programme of quantitative easing purchases of debt in December 2018, which means that the central banks in the US, UK and EU have all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in growth, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), prompted the ECB to take new measures to stimulate growth. With its refinancing rate already at 0.0% and the deposit rate at -0.4%, it has probably reached the limit of cutting rates. At its March 2019 meeting it said that it expects to leave interest rates at their present levels "at least through the end of 2019", but that is of little help to boosting growth in the near term. Consequently, it also announced a third round of TLTROs; this provides banks with cheap borrowing every three months from September 2019 until March 2021 which means that, although they will have only a two-year maturity, the Bank is making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH. Equity markets are currently concerned about the synchronised general weakening of growth in the major economies of the world: they fear there could even be a recession looming up in the US, though this fear is probably overdone.

11. Other Issues

11.1. **IFRS 9** Risk management will need to take account of the 2018/19 Accounting Code of Practice proposals for the valuation of investments. Whilst for many authorities, this may not be a significant issue, key considerations are:

- Expected credit loss model. Whilst this should not be material for vanilla treasury investments such as bank deposits, this is likely to be problematic for some funds e.g. property funds (and also for non-treasury management investments dealt with in the capital strategy e.g. longer dated service investments, loans to third parties or loans to subsidiaries).
- The valuation of investments previously valued under the available for sale category e.g. equity related to the 'commercialism' agenda, property funds, equity funds and similar, will be charged to fair value through profit and loss (FVPL).

Following the consultation undertaken by the Ministry of Housing, Communities & Local Government (MHCLG) on IFRS 9, the Government has introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This will be effective from 1 April 2018. The statutory override applies for five years from this date. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.