

AUDIT & GOVERNANCE COMMITTEE – 14 NOVEMBER 2018

Establishing A Joint Sub-Committee For The Fit For The Future Programme

Report by the Director of Law and Governance

Introduction

1. In October 2018, Cabinet agreed an implementation strategy for the Council's new Operating Model that had itself been previously endorsed at the September Cabinet meeting.
2. During development and agreement of both the September and October Cabinet reports, elected members emphasised the importance of member engagement and effective scrutiny throughout the process of transformation to:
 - Ensure the most effective use of resources
 - Monitor and challenge timescales and the delivery of benefits
 - Challenge and improve business cases
 - Review performance and delivery
 - Monitor management of risk and systems of control and performance management
 - Ensure robust programme governance arrangements are in place
 - Ensure member intelligence informs implementation
3. The Performance Scrutiny and Audit and Governance Committees have taken an active role in the development of the Fit for the Future programme as the programme's implementation and the functionality of the new Operating Model will have significant implications across the areas of responsibilities of both committees. Both committees are therefore expected to continue their roles of monitoring and of challenging performance, delivery, reporting and control. The October Cabinet report noted that the Committees may wish to consider how they are organised through the life-time of the programme, including the potential establishment of individual or joint sub-committees as the business of the Committees demands.
4. This report considers the requirements for new arrangements and proposes the establishment of a Joint Sub-Committee. This same report is being considered by the Performance Scrutiny on 8 November and Audit and Governance Committee on 14 November.

The requirement for joint sub-committee arrangements

5. The October Cabinet report noted that with respect to the Fit for the Future Programme, the Performance Scrutiny Committee would be expected to consider issues including:
 - Impact of the programme on outcomes for residents, i.e. Corporate Plan priorities;
 - Impact of the programme on service performance;
 - Impact of changes on staff;
 - Predicted costs and savings as compared to actual costs and realised savings.
6. The report went on to note that the Audit and Governance Committee would be expected to consider issues including:
 - Risks identified and mitigations proposed and actioned;
 - Systems of internal control, to include assurance that a robust performance framework is in place;
 - Governance of the project.
7. The Cabinet report described the scale and scope of the implementation of the Fit for the Future programme, noting that it will have implications across all Council services, over a prolonged period.
8. Across this very broad scope, members will need to exercise their oversight functions over two distinct areas:
9. Firstly, members will need to exercise oversight of *the delivery of the programme itself* – considering all of the issues of delivery of benefits, costs, impact on business as usual, staff and residents, risk, control and governance listed above. This will be required during design, implementation and through to the period of transition to business as usual.
10. Secondly, and distinctly, members will need to exercise oversight of *the design of the new Council Operating Model itself* – assessing, challenging and assuring the robustness of the design of new ways of working with respect to the areas of attention of the two committees, before they are implemented.
11. Taken together, this activity is expected to generate a considerable volume of work for the committees both of which already have full agendas. Establishing a sub-committee arrangement therefore has the benefit of increasing the capacity of the committees and providing for focussed and timely review of the complex issues expected to be generated through the programme.
12. While the two main committees have distinct areas of focus as set out above, with respect to the Fit for the Future programme, their considerations are very likely to be interconnected and overlapping. For example, while looking at potential impact on residents and staff, it would make sense to do this while

also considering the arrangements for risk management and appropriate mitigating measures.

13. To avoid duplication and to ensure that all matters are covered in the context of the full-picture, it is proposed that a 'Joint Sub-Committee' is established.

Clarity of roles – Joint Sub-Committee and Cabinet Advisory Group

14. The October Cabinet report agreed to establish a Cabinet Advisory Group (CAG) on the Fit for the Future Programme to support and advise Cabinet and a recommendation was agreed.
15. Ensuring that the roles and responsibilities of the respective bodies involved in member oversight are distinct, understood and transparent from the outset of the programme will be critical to ensuring:
 - That there are clear lines of accountability with the responsibility for scrutinising, challenging and supporting each aspect of the programme understood and adhered to;
 - That reporting is efficient – avoiding the same issues being dealt with in multiple forums;
 - That there is the opportunity space for creative and open engagement with members on policy development and problem solving, separate from formal challenge and scrutiny processes;
 - That conflicts of interest are avoided – in particular that those involved in the development and implementation of policy are not involved in the scrutiny of that policy.
16. While it is likely that there will be cross-over of issues to be considered by the Joint Sub-Committee and the CAG from different perspectives, it will be productive for the lead officers with the chairs and deputy chairs of both groups to liaise on agendas and work programmes to ensure that matters are being considered in the most appropriate forum in a timely manner.

17. The October reports outlined these roles as follows:

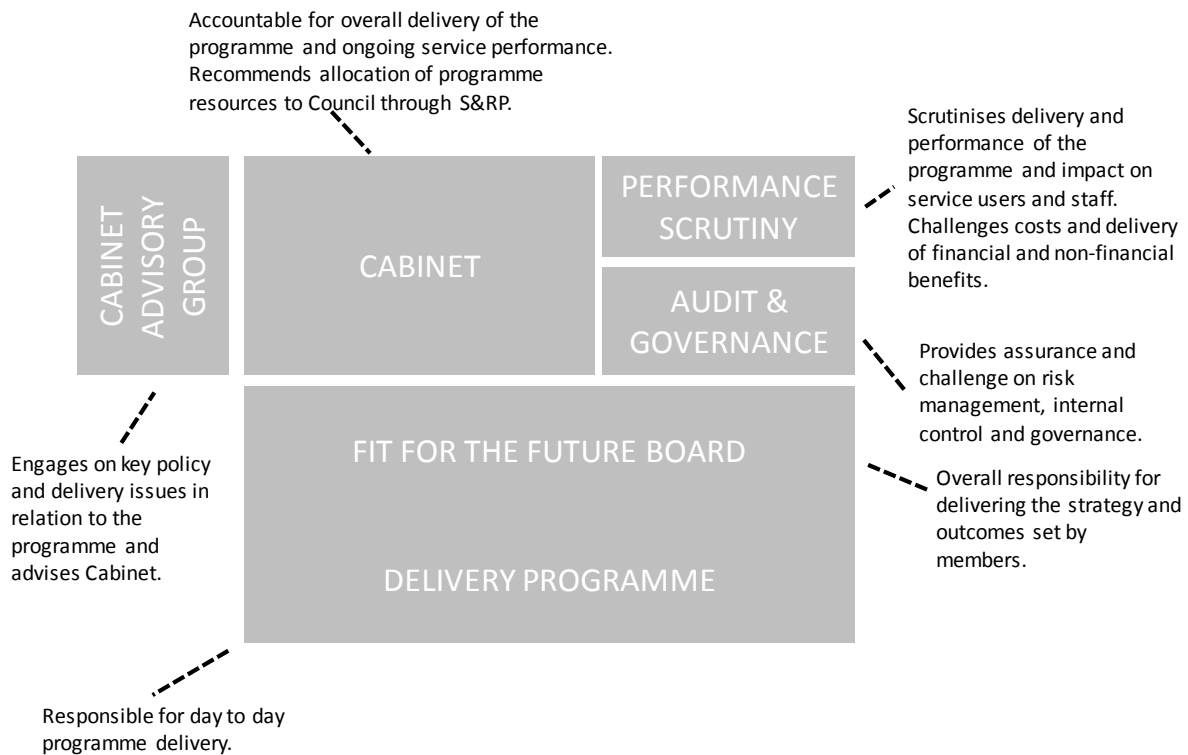


Fig. 1: Member over-sight arrangements and officer-led delivery functions

Establishing the Joint Sub-Committee

18. It is suggested that the Sub-Committee be called the Fit for the Future Joint Sub-Committee.
19. The Sub-Committee will be established by decisions of both the Performance Scrutiny and Audit & Governance committees.
20. Proposed Terms of Reference for the Joint Sub-Committee are set out in Annex 1.

RECOMMENDATION

21. **The Committee is RECOMMENDED to:**
 - a) **Agree to the establishment of a joint Sub-Committee of the Performance Scrutiny and Audit & Governance Committees as set out in paragraphs 18-20.**
 - b) **Agree to the terms of reference set out in Annex 1.**

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November 2018

Annex 1 – Terms of Reference

ANNEX 1

TERMS OF REFERENCE FOR THE JOINT SUB-COMMITTEE FOR THE FIT FOR THE FUTURE PROGRAMME

The Joint Committee will bring to bear the perspectives of their parent committees with regard to the governance and performance of the Fit for the Future Programme in terms of its management and its implementation.

In particular, in terms of *performance* the Sub-Committee will review the:

- Delivery and performance of the programme
- Impact of the programme on outcomes for residents, i.e. Corporate Plan priorities;
- Impact of the programme on service performance;
- Impact of changes on staff;
- Predicted costs and savings as compared to actual costs and realised savings
- Predicted non-financial benefits.

In terms of *governance, accountability and internal control*, the Sub-Committee will consider:

- Risks identified and mitigations proposed and actioned;
- Systems of internal control, to include assurance that a robust framework is in place;
- Governance of the project
- Any ethical governance implications

Frequency of meeting

The Sub-Committee will determine its own meeting cycle. Notwithstanding this, it is anticipated that the Sub-Committee will meet at least quarterly.

Membership and Quorum

The membership will be 8 Councillors to include equal numbers from both main committees. The quorum will be 4 of the Sub-Committee's membership.

NB. Given that the Sub-Committee will be undertaking certain overview and scrutiny functions, no member of the Audit and Governance Committee who may, from time to time, also be a member of the Cabinet will be eligible for membership of the Sub-Committee

Chairman and deputy chairman

The Sub-Committee shall appoint a Chairman and a Deputy Chairman – one of whom will be from the membership of the Audit and Governance Committee and one from the Performance Scrutiny Committee as the Sub-Committee may determine. These roles to rotate at successive meetings where possible.

Procedure Rules

The Sub-Committee will operate in accordance with the Scrutiny Procedure Rules under the Council's Constitution.