



## **Overview and Scrutiny Committee – Finance Protocol**

### **1) Background**

The role of the Overview and Scrutiny Committees is very important with regard to:

- The development of the Council's Business Plan
- The reporting of the Council's financial performance
- The scrutiny of Services' value for money to the customer

It is recognised that the agreed involvement of the Overview and Scrutiny Committee Members in the Council's Business Planning and financial performance processes needs supporting appropriately by the Director of Finance and Business Services.

In order to provide the adequate resources needed to meet this requirement a clearly understood Finance support Protocol is required. The Protocol is necessary in order to recognise the competing priorities for Finance support and the limited resources that are available.

The Finance Protocol will help all Members, but particularly the Members of the Overview and Scrutiny Committees, to understand the agreed relative responsibilities of each Overview and Scrutiny Committee or Group and the Finance support that can be expected in each case.

### **2) The Role of Each Overview and Scrutiny Committee or Group**

#### **The Role of the Scrutiny Chairmen's Group**

In Part 3 of the Constitution, under the heading 'Scrutiny Committees', Section 2.8 it states that:

*'The role of the Scrutiny Chairmen's Group is to drive forward the Overview and Scrutiny function. The Group plays a key role in deciding which committee will take the lead on cross cutting issues. The Group has a crucial role in acting as a sounding board for matters of common interest across all overview and scrutiny committees, including new legislation and best practice. It also monitors progress with work programmes and reviews workloads.'*

In line with the above statement, the Scrutiny Chairmen's Group agreed at the start of the 2012/15 financial cycle that the Corporate Overview and Scrutiny Committee take on responsibility for the overview and scrutiny of financial cross-cutting issues,

which includes the main financial performance reporting requirements of the Council and the development of the Council's Business Plan.

On behalf of all Overview and Scrutiny Committees, it has been agreed that the Corporate Overview and Scrutiny Committee consider:

The Business Planning launch report to Cabinet  
The progress against the Business Planning process  
The financial element of the quarterly Performance report to Cabinet

It was agreed that the Chairman and/or Vice Chairman of the Corporate Overview and Scrutiny Committee, when attending the relevant Scrutiny Chairmen's Group meeting, will provide a general update on the outcome of the Corporate Overview and Scrutiny Committee deliberations in each of these areas.

It was also agreed that any comments from the Scrutiny Chairmen's Group will be fed back to the Corporate Overview and Scrutiny Committee at its next scheduled meeting to help to inform the improvement of the various processes.

### **The Role of the Corporate Overview and Scrutiny Committee**

In Part 2 of the Constitution, Chapter 6, paragraph 1.2 states that:

*'The Council fully supports the role of its Scrutiny Committees in holding the Cabinet and others to account in discharging their functions. The Council believes that the important parts of the role are:*

- *To assist the Council and Cabinet in developing and reviewing its major plans, policies and strategies, which will set the climate in which the Cabinet and other decision-making bodies are required to operate*
- *To undertake specific reviews of the Council's organisation and service provision so that improvements can be made to service delivery.'*

In Part 2 of the Constitution, Chapter 6, paragraph 3.1 states that:

*'The scrutiny committees may establish task and finish groups which they consider necessary, after taking into account the availability of resources, the work programme and scope of the review in question. The role of task and finish groups is to carry out in-depth examinations of particular aspects of the Council's functions, roles, responsibilities and service delivery.'*

In Part 2 of the Constitution, Chapter 6, paragraph 4.1 states that:

*'The Scrutiny Committees:*

14. *may advise the Cabinet and Council, as appropriate, of the Scrutiny response to the formulation of the Council's Budget and performance management reports;'*

In the Scrutiny Procedure Rules of the Constitution, Section 4 Work Programme, paragraphs 4.1 and 4.2 state that:

*4.1 'The Scrutiny Committees will consult with other parts of the organisation as appropriate, including the Cabinet, on the preparation of any work programme.'*

*4.2 The Committees will take into account any views expressed following consultation under 4.1 above in drawing-up and agreeing any work programme. It should also take into account the resources, both officer and financial, available to support its proposals.'*

It has been agreed that the Corporate Overview and Scrutiny Committee has four major roles in terms of the financial reporting of Cheshire East Council, taking account of the general responsibilities of the Overview and Scrutiny Committees as detailed above:

- The Business Planning launch report to Cabinet in early to mid summer is considered by the Corporate Overview and Scrutiny Committee at a full meeting of the Committee, ahead of the relevant Cabinet meeting, or through the Budget Task Group if the main meeting schedule does not permit. The Chairman and/or Vice Chairman of the Committee attend the relevant Cabinet meeting to present the outcome of the Scrutiny meeting. The Chairman and/or Vice Chairman of the Committee also attend the next meeting of the Scrutiny Chairmen's Group, following the Cabinet meeting, to provide a general update on the outcome of the Committee's deliberations. This is part of the Committee's scrutiny role.
- The progress against the Business Planning process is considered by the Corporate Overview and Scrutiny Committee on at least four occasions in the financial year at relevant milestones in the process. The Committee has established a Budget Task Group to fulfil this role. The Chairman and/or Vice Chairman of the Committee report the outcome of the Budget Task Group meeting at the next main Committee meeting. The Chairman and/or Vice Chairman of the Committee also attend the next meeting of the Scrutiny Chairmen's Group to present the outcome of the Budget Task Group meeting. This is part of the Committee's overview role.
- The financial element of the quarterly Performance Cabinet report is considered by the Corporate Overview and Scrutiny Committee at a full meeting of the Committee, ahead of the relevant Cabinet meeting, or through the Budget Task Group if the main meeting schedule does not permit. The Chairman and/or Vice Chairman of the Committee attend the relevant Cabinet meeting to present the outcome of the Scrutiny meeting. The Chairman and/or Vice Chairman of the Committee also attends the next meeting of the Scrutiny Chairmen's Group, following the Cabinet meeting, to provide a general update on the outcome of the Committee's deliberations. This is part of the Committee's scrutiny role.
- The Corporate Overview and Scrutiny Committee work to an annual work programme, which includes work undertaken through Task and Finish Groups. Some areas of work will require the consideration of the budget/financial

implications for a specific Service, area of operation or scheme. This is part of the Committee's scrutiny role.

## **The Role of the Non-Corporate Overview and Scrutiny Committees**

In Part 2 of the Constitution, Chapter 6, paragraph 1.2 states that:

*'The Council fully supports the role of its Scrutiny Committees in holding the Cabinet and others to account in discharging their functions. The Council believes that the important parts of the role are:*

- To assist the Council and Cabinet in developing and reviewing its major plans, policies and strategies, which will set the climate in which the Cabinet and other decision-making bodies are required to operate*
- To undertake specific reviews of the Council's organisation and service provision so that improvements can be made to service delivery.'*

In Part 2 of the Constitution, Chapter 6, paragraph 3.1 states that:

*'The scrutiny committees may establish task and finish groups which they consider necessary, after taking into account the availability of resources, the work programme and scope of the review in question. The role of task and finish groups is to carry out in-depth examinations of particular aspects of the Council's functions, roles, responsibilities and service delivery.'*

In Part 2 of the Constitution, Chapter 6, paragraph 4.1 states that:

*'The Scrutiny Committees:*

- 15. may advise the Cabinet and Council, as appropriate, of the Scrutiny response to the formulation of the Council's Budget and performance management reports;'*

In the Scrutiny Procedure Rules of the Constitution, Section 4 Work Programme, paragraphs 4.1 and 4.2 state that:

- 4.3 'The Scrutiny Committees will consult with other parts of the organisation as appropriate, including the Cabinet, on the preparation of any work programme.*

- 4.4 The Committees will take into account any views expressed following consultation under 4.1 above in drawing-up and agreeing any work programme. It should also take into account the resources, both officer and financial, available to support its proposals.'*

It has been agreed that the non-Corporate Overview and Scrutiny Committees have four major roles in terms of the financial reporting of Cheshire East Council, taking account of the general responsibilities of the Overview and Scrutiny Committees as detailed above:

- The Business Planning launch report to Cabinet in early to mid summer is considered by the Corporate Overview and Scrutiny Committee on behalf of all Overview and Scrutiny Committees. The Chairman and/or Vice Chairman of the non-Corporate Overview and Scrutiny Committee attend the relevant Scrutiny Chairmen's Group meeting to receive the information provided by the Chairman and/or Vice Chairman of the Corporate Overview and Scrutiny Committee and to relay that information to their Committee Members. This is part of the non-Corporate Overview and Scrutiny Committee's scrutiny role.
- The progress against the Business Planning process is considered by the Corporate Overview and Scrutiny Committee on at least four occasions in the financial year at relevant milestones in the process on behalf of all Overview and Scrutiny Committees. The Chairman and/or Vice Chairman of the non-Corporate Overview and Scrutiny Committee attend the relevant Scrutiny Chairmen's Group meeting to receive the information provided by the Chairman and/or Vice Chairman of the Corporate Overview and Scrutiny Committee and to relay that information to their Committee Members. This is part of the non-Corporate Overview and Scrutiny Committee's overview role.
- The financial element of the quarterly Performance Cabinet report is considered by the Corporate Overview and Scrutiny Committee on behalf of all Overview and Scrutiny Committees. The Chairman and/or Vice Chairman of the non-Corporate Overview and Scrutiny Committee attend the relevant Scrutiny Chairmen's Group meeting to receive the information provided by the Chairman and/or Vice Chairman of the Corporate Overview and Scrutiny Committee and to relay that information to their Committee Members. This is part of the Committee's scrutiny role.
- The non-Corporate Overview and Scrutiny Committees work to an annual work programme, which includes work undertaken through Task and Finish Groups. Some areas of work will require the consideration of the budget/financial implications for a specific Service, area of operation or scheme. This is part of the Committee's scrutiny role.

### **3) The Role of Individual Overview and Scrutiny Committee Members**

In Part 2 of the Constitution, Chapter 6, paragraph 3.1 states that:

*'The scrutiny committees may establish task and finish groups which they consider necessary, after taking into account the availability of resources, the work programme and scope of the review in question. The role of task and finish groups is to carry out in-depth examinations of particular aspects of the Council's functions, roles, responsibilities and service delivery.'*

In addition to their individual role in the mechanism described in Section 2 above, an individual Member of an Overview and Scrutiny Committee may wish to receive additional financial information as part of the work of a Task and Finish Group. It is expected that the request is made through the Chairman of the Committee and the Democratic Services support officer so that such requests can be centrally recorded

and responses co-ordinated efficiently and effectively by the Director of Finance and Business Services.

#### **4) The Role of the Director of Finance and Business Services (the Director)**

In developing this Finance Protocol the Director is mindful of the following areas of the Constitution:

In Part 3 of the Constitution, under the heading 'The Cabinet' it states that:

*'Insofar as such functions do not fall within the responsibilities of individual Cabinet Members, the Cabinet is responsible for and accountable to the Council, where appropriate, for the following functions, recognising that certain functions discharged by officers or services within its remit fall, by virtue of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 and any subsequent amendments thereto, to be discharged by the Council:*

- 2. subject to consultation with the appropriate Scrutiny body or bodies, advising on Budget setting, including all other related financial matters, plans and proposals;'*

In Part 3 of the Constitution, under the heading 'Scrutiny Committees', Section 1 General Responsibilities of all Scrutiny Committees, bullet point 4 states that:

*'The Scrutiny Committees may specifically:*

- ensure that officers discharge their responsibilities effectively and efficiently in relation to the scrutiny function;'*

#### **Director of Finance and Business Services Support Provision:**

Generally the Overview and Scrutiny Committees and Groups can expect:

- Any financial information provided by the Director as part of this Finance Protocol to be provided on an effective and efficient basis.
- The financial information to be meaningful and accurate appropriate to the purpose for which it is provided.
- The Director to work with the Corporate Management Team to ensure that Service information and reports are appropriately supported from a financial perspective in accordance with this Protocol.
- The Director to work with the Democratic and Registration Services Manager to ensure that information and reports, and the associated administration for the Committee/Group, are provided in accordance with this Protocol.
- This Protocol to be applied in accordance with the Finance and Contract Procedure Rules as contained in the Council's Constitution.

The Scrutiny Chairmen's Group can expect:

- Support from the Director, upon invite to a Group meeting, for any discussion on the mechanism described in Section 2 above.
- The completion of agreed actions identified to improve the mechanism described in Section 2 above.

The Corporate Overview and Scrutiny Committee can expect:

- Support from the Director with regard to the Committee's responsibility as part of the Council's quarterly financial performance reporting.
- Support from the Director with regard to the Committee's responsibility as part of the Council's annual Business Planning process, including direct support for the Budget Task Group.
- Support from the Director with regard to the Committee's responsibility for the coverage of the listed areas of Portfolio Holder responsibility (Part 3 of the Constitution, under the heading 'Scrutiny Committees', Section 2.6) from existing reports and existing financial analysis.
- Support from the Director with regard to the direct support requirements for Task and Finish Groups, providing new financial analysis where appropriate alongside activity analysis provided by relevant Service Managers.
- Reports and information to be made available in line with the issue of the Committee or Group agenda where possible and, where not possible, to be informed on a timely basis ahead of the issue of the agenda with justification for the delay.

The Non-Corporate Overview and Scrutiny Committees can expect:

- Support from the Director with regard to the Committee's responsibility for the coverage of the listed areas of Portfolio Holder responsibility (Part 3 of the Constitution, under the heading 'Scrutiny Committees', Section 2) from existing reports and existing financial analysis.
- Support from the Director with regard to the direct support requirements for Task and Finish Groups, providing new financial analysis where appropriate alongside activity analysis provided by relevant Service Managers.
- Reports to be made available in line with the issue of the Committee or Group agenda where possible and, where not possible, to be informed on a timely basis ahead of the issue of the agenda with justification for the delay.

## **Areas of support that cannot be provided by the Director of Finance and Business Services:**

There are areas of support that cannot be provided due to Finance resources having to be allocated on a priority basis and the necessity to ensure that the support that is provided is of the required standard. These include the following:

- If a Non-Corporate Overview and Scrutiny Committee wishes to review the quarterly Performance Cabinet report, as part of its work programme, the Director will not provide Finance support for this item in the build up to the relevant Committee meeting, and at the meeting, due to this not being in line with the mechanism described in Section 2 above.
- The Director will not provide an analysis of the Council's Budget on the basis of Overview and Scrutiny Committee areas of responsibility as these do not directly align to the Council's organisational structure or the Council's Cabinet Portfolio Holder structure. However, the Council's annual Budget Book, available from the start of the financial year, provides good analysis of Service budgets that can be used by Overview and Scrutiny Committees to identify budgets in the Service areas that come within their remit.
- The Director will not provide additional support to individual Overview and Scrutiny Committee Members who request information related to the work of a Task and Finish Group that has not been made in accordance with Section 3 above.
- The Director will not provide support to individual Members outside of the relevant Overview and Corporate Scrutiny Committee who request information related to the work of a Task and Finish Group.

This list will be reviewed on a continual basis and the Director will discuss any proposed changes to the list of un-supported areas with the Scrutiny Chairmen's Group at its next available meeting in agreement with the Chairman of the Group.

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