

Agenda Item	16
Report No	HC/27/19

HIGHLAND COUNCIL

Date: 27 June 2019

Report Title: Governance Review: Progress update, initial recommendations and next steps

Report By: The Chief Executive

1. Purpose/Executive Summary

- 1.1 The following report provides an update on the work of the Governance Review Steering Group and engagement with Members at a local level over the preceding 4 months. It makes a number of early recommendations for Members' consideration relating to changes to the Audit and Scrutiny Committee and reviewing Member training, development and wellbeing arrangements. It also reflects on some of the themes emerging from the all-Members' seminar on 19 June 2019.
- 1.2 The remit of the Review is broad, considering governance at both a strategic and local level and, whilst the main focus so far has been on the role played by Members it will necessarily also need to consider the relationship between Member governance, senior officer governance and organisational performance. Consequently, the Governance Review must be considered within the overall context of the transformational journey that the Council has embarked upon – both in terms of structural/organisational change and in terms of the renewed focus on financial and performance management.
- 1.3 Good progress has been made in the review to date, however, it has also become clear how important it is to take a methodical and comprehensive approach, and that this will take time. The report consequently also sets out a revised schedule for the Review for Members' consideration and approval.

2. Recommendations

- 2.1 Members are asked to note the progress made by the Review to date and agree:
 - (i) Changes to Audit and Scrutiny Committee including a reduction in the membership and introduction of a mandatory training programme;
 - (ii) The development of an enhanced Training, Development and Wellbeing Programme for all elected Members for September Council;
 - (iii) Changes to report formats; and
 - (iv) The revised schedule and reporting framework for the Governance Review.

3. Background

- 3.1 The Governance Review was established following a 2 Day all-Member seminar in January 2019 which explored how the structure of the organisation may need to change, including political governance structures at both a strategic and area level, to support the delivery of the Council's budget and new performance measures arising from the Council Programme, Local Voices, Highland Choices.
- 3.2 The purpose on Day 1 was to consider opportunities for "Improving our Governance to achieve an ambitious, sustainable and connected future for the Highlands". This was split into a series of workshops, with the first part focused on the remit, purpose and operation of Strategic and Local committees; and opportunities challenges around greater community engagement.
- 3.3 A report to Council In March 2019 provided detailed feedback on the January Seminar and identified a range of common themes and issues for further consideration. The Council agreed to establish the Governance Review Steering Group (GRSG) and approved its remit, terms of reference and outline work plan.

4. Summary of work to date

- 4.1 Since its establishment, the Steering Group has met on a fortnightly basis to undertake the work plan agreed at March Council. This has considered Council and Strategic Committee arrangements; identifying improvements to assist Members in their scrutiny role; and considering feedback arising from local committee engagement. Although good progress has been made, there remain many areas requiring further investigation and consideration.
- 4.2 Over the same period, the lead officer for the Governance Review, supported by the Acting Head of Policy, has met with Area Committees and separately with Ward 5 members, to look at the role, remit and effectiveness of area committees, including opportunities for more powers and greater budgetary control. A parallel project is underway considering opportunities for income generation at a local level and both workstreams have linkages and interdependencies. There is more work to be done to develop proposals for strengthening local governance arrangements, both in terms of engagement but also to understand the opportunities presented by the income generation project, the review of Community Services, and the impact of the new management structure – particularly with regard to the area focus for the new ECO roles.
- 4.3 In the course of its deliberations the Governance Review Steering Group has also undertaken a review of governance arrangements in other Scottish local authorities, and some further investigation work remains to be done, in particular looking at Councils that have recently implemented changes to governance structures to see what benefits have been delivered.
- 4.4 A Members' seminar was held on 19 June 2019 and focused on 3 themes: Strategic Governance; Members' training & development; and Managing the Business. This sought wider Member input on the themes and initial recommendations emerging from the Review to date and the recommendations in this report have been informed and shaped by the feedback from these sessions. Detailed feedback from the Seminar, all papers and presentations provided on the day, and a feedback form will be circulated

to all Members separately.

5. Emerging themes

- 5.1 Scrutiny and Oversight: The biggest theme arising from the work of the Group and wider Member engagement has been a genuine interest in enhancing and strengthening scrutiny at both a Member and senior officer level. This has been reflected in Members' concerns about the very large remits of the Strategic Committees – particularly Care Learning and Housing and Environment Development and Infrastructure; the resulting size of agendas; and the short time available for Members to read and digest large numbers of detailed lengthy reports. It is also illustrated by the desire to make changes to the membership and activities of the Audit and Scrutiny Committee.
- 5.2 Feedback from the Members' Seminar suggests that there is widespread support for splitting into a larger number of committees with more focused remits. Whilst there was no agreement on where housing should be accommodated within a new committee structure, there was consensus that this was a very important Council function and required a greater focus and profile than is currently the case. There was strong though not universal support expressed for reducing the number of Members on committees from 25 to something in the high teens, but no position reached on what the optimum number might be. It was agreed that the voting rights of non-elected members of committees should be revisited in the light of recent precedents set elsewhere. Options for addressing these, and other points arising from the workshop discussions will be brought back for Member consideration at a seminar later in the year.
- 5.3 Further work is also needed to look at the role played by Working Groups, Sub Committees and Boards and also to understand the wider implications of making changes to the Council's main strategic committees at this time – see 5.4 below.
- 5.4 Organisational Change: To be sustainable, it is clear that recommendations for changing current Council and committee arrangements must be guided by and rooted in the principles of good governance rather than solely determined by current or future organisational structures. Nevertheless, it is also recognised that this is a period of change for the whole organisation and the Review needs to take cognisance of this so that revised governance arrangements function effectively with the reorganisation of the service structure currently underway in order to deliver genuine and lasting improvements.
- 5.5 Timescales for Review: The need to understand and factor in wider organisational interdependencies means that the Steering Group has concluded there is a need to take more time over the Review than originally envisaged. Consequently, whilst this report brings forward a number of important recommendations for Council approval, it also asks Members to agree to extending the period of the Review.
- 5.6 Support to Members: A further theme to emerge is around opportunities to improve the support and guidance available to help Members to undertake their role successfully at a strategic and a local level. Some of this relates to developing tailored training and development programmes; some are around improved ways of working including engaging with officers; whilst others focus on the need for improved welfare and support arrangements.

- 5.7 There was strong support at the Members' seminar for a revised training and development programme tailored toward Members' requirements, based around some form of self-assessment focused on continuing professional development (CPD). Likewise, there was general consensus about the need for some training to be mandatory, and for there to be training geared towards specific committee membership. In-house training was generally preferred to external and a new focus on delivering area based training away from Inverness was welcomed. The option of introducing a 'training week' also received support – alongside opportunities to undertake training outwith those times.
- 5.8 The importance of adequate ICT was stressed and it was acknowledged from the outset that this was an area requiring improvement. The refresh of devices and migration to Office 365 which has just commenced for Members should address many issues, but there is still a need to focus on improving capability going forward.
- 5.9 In terms of the day to day management of committee business, whilst a large number of Members would welcome having longer to consider papers, this was not universal. However, it was widely agreed that reducing the number of late papers would be very beneficial. It was agreed that in general, report summaries needed to be made more informative and where the report had active implications in terms of resource, risk, equality etc – this should be brought to the beginning of the report rather than be left at the end. The order of agendas should also place items for action/decision ahead of items that were just for noting. Members also indicated a willingness to consider timetabling up to 2 committees in a day – especially if they had synergies like Education and Children's Services – but there was little appetite for scheduling Strategic Committees over more than two days in the week.
- 5.10 Local Committees: Key themes arising from the local engagement sessions have been a desire for more powers and greater budgetary independence; a recognition of the need to reflect communities and stakeholders more effectively in decision making; and an acknowledgement that there is a need to review the current geographic arrangement of committees.
- 5.11 In response to the Motion that was agreed at Council in May, a separate meeting was held with Ward 5 Members to discuss their desire to establish a standalone local committee. Many of their points echoed those raised elsewhere around the desire for greater powers and budgetary authority. However, the sheer size of the geography of Ward 5 on its own, and the Ross and Cromarty Area Committee as a whole, does bring some specific challenges that will need to be addressed as part of the Review, whether by adjusting the geographical split or number of area committees, or by some other means. There are implications in whatever course of action is decided upon by Members and this is explored in more detail in section 7 below.
- 5.12 Financial and performance reporting: As the Council reviews its governance arrangements it also needs to ensure there are effective financial and performance reporting arrangements in place. An integrated approach to governance along with real time reporting of financial, performance and operational business intelligence is required in order to achieve this. New tools will be deployed such as Microsoft Power BI to enable Members to visualise Council resources and performance to improve their oversight and scrutiny. Such an approach will allow better understanding of our business and will enable an approach to managing demand so that the deployment of

resources is evidence based. As outlined in the Change Strategy report to this Council, aligning and controlling information and data from the huge number of different systems currently in operation throughout the Council is a long term project. It will require design and delivery of a business case for the overall data management and reporting project along with working with CIPFA on the review and accreditation of the Council's governance processes.

- 5.13 Resources: Lastly, in the discussions of the Steering Group and wider Member engagement in the areas, it has been recognised that any changes to the current arrangements need to be sustainable and deliver genuine improvement. It will therefore be essential to understand the wider consequences of adjusting governance arrangements, including full resource implications of any change, to ensure that if there are additional costs they are justified by the benefits that they will deliver.

6. Recommendations - Strategic

6.1 Changes to Audit and Scrutiny Committee:

The Steering Group has discussed opportunities for strengthening Audit and Scrutiny Committee in two meetings. These discussions have been informed by extensive work that has been undertaken since October 2018 by the Committee and its Chair, Cllr Graham Mackenzie, supported by the Corporate Audit and Performance Manager, Evelyn Johnston.

- 6.2 On 13 June 2019, with the support of the Steering Group, Audit and Scrutiny Committee agreed to seek Council approval to implement the following recommendations which would require a change to the Scheme of Delegation:

- The Committee should be formed of 14 Members;
- That the Committee can co-opt on a temporary basis non-voting member(s) to support the work of the Committee where skills or knowledge gaps are identified;
- That training materials are developed and completion is a required element of membership of the Committee, timescales for completion to be agreed by Committee at a later date;

Members are asked to formally agree to these changes.

- 6.3 In addition, it made the following recommendations which Members are also asked to agree should be supported through the Governance Review:

- That a set of core competencies are developed, along with a required set of criteria and skills for Committee membership;
- That the focus of the Committee should include continuous improvement, achievement of outcomes and value of money across the Council;
- The creation of sub-groups;
- As localism develops the role of Area Committees may change and this may require development of assurance processes as their remit expands and the Committee will have a role in any assurance process.

A copy of the full report can be accessed here:

<file:///C:/Users/cathu/Downloads/Item 7 Council Governance Review.pdf>

7. Recommendations – local

- 7.1 To ensure that the implications of changing local committee boundaries or increasing the overall number of local committees are fully understood and can be resourced, decisions need to be taken in the round with all proposals being considered together. At present, it is the view of the Steering Group that more work needs to be done before recommendations can be brought forward to change any local committees in terms of their size, geography and enhanced remit. For the time being, this would therefore include Ward 5. However, this should not be taken to mean that local committees will remain unchanged in the future.
- 7.2 It is proposed that the focus for the future review will include a detailed analysis of the Community Services budget and workforce at a local level – and a recommendation for Change Fund assistance for this piece of work has been made in the Change Strategy report to Council today. In addition, Members are asked to note that work will continue to explore opportunities for income generation and local priority setting over the summer – and the opportunity this provides for local committees to exercise greater influence around service delivery priorities and the allocation of resources. Both of these areas of work will contribute towards an assessment a development of options around different geographic splits and the impact this may have on service delivery, local budgets and costing the financial implications of change. The impact that the new management structure and ECO responsibilities will have on the strengthening of local democracy and governance will also need to be fully explored.
- 7.3 It is therefore recommended that further work is undertaken over the summer with fully costed proposals to come forward later in the autumn. This will also allow time for the new organisational structure to be established, with the associated appointment of Executive Chief Officer area representatives.

8. Recommendations – supporting Members

- 8.1 Members are asked to approve the following recommendations:
- a) That a new training and development programme and CPD will be developed over the summer and presented to Council for approval in September 2019;
 - b) Report formats will be changed to bring active implications to the front of the papers, immediately after the summary section, and that work will be done to improve the quality of report summaries. These changes will come into effect after the summer recess.

9. Next Steps

Members are asked to consider and approve the following next steps, with agreement that there may be a need to flex the schedule in response to the progress being made by the Review.

- 9.1 Over the summer
- Continue to develop proposals for Strategic Committees
 - Continue work on the local committees including engagement around income generation
 - Develop training and development programme
 - Disseminate the detailed feedback from the Members' seminar on 19 June and

reflect this in the forthcoming proposals

- Members' Seminar in August/Sept to focus on Strategic Governance and associated Scheme of Delegation; with potential to link with transition to new organisational structure.

9.2 September/October Council:

- Recommendations for Strategic Governance
- Recommendations for enhanced senior officer governance and oversight based around the new structures

9.3 September: Members' Seminar - to discuss emerging proposals for local committees and resource implications.

9.4 Subject to the above making sufficient progress, a future Council will be asked to approve:

- Recommendations for local committees
- Timetable of meetings 2020 onwards
- Appointment of new Committee Chairs and Vice Chairs
- Confirm membership of Committees
- Any outstanding matters from the Review
- Agreement to date for Review of the new arrangements – (October 2020?)

10. Implications

10.1 Resource Implications:

- A & S Committee changes should be largely resource neutral although a focus on establishing scrutiny sub groups will require officer support.
- Member support and development – there will need to be dedicated staffing resource dedicated to the development and delivery of the programme. More detail around costings will be brought forward alongside the draft training Programme in September.
- Any increase in the number of committees at a strategic or a local level will have further resource implications and opportunity costs and these will be provided alongside any recommendations coming forward in the autumn.

10.2 Legal: The approach set out in this report will support the Council to meet its legal duty to secure Best Value and continuous improvement and to enhance the Council's governance arrangements.

10.3 Community (Equality, Poverty and Rural): Screening for equality, rural, and socio-economic implications will be undertaken on recommendations arising from the Review

10.4 Climate Change / Carbon Clever: There are no implications arising from the recommendations in this report.

10.5 Risk: the recommendations arising from the Review should have a positive impact on risk because of the focus on improved scrutiny, oversight control and assurance. However, there is a risk involved in trying to make changes too quickly and not capturing potential unintended consequences.

- 10.6 Gaelic: There are no implications for Gaelic arising from this report. Any implications for Gaelic arising in the course of the Review will be considered and there will be full engagement with Members prior to bringing forward any recommendations.

Author: Kate Lackie, Business Manager

Date: 20 June 2019