

Chapter 1

Local government at the centre of decision making

1. Local government plays a crucial role in delivering better outcomes for their citizens and in shaping the local area. They are themselves responsible for a broad range of services – either directly or through commissioning and for monitoring how services are delivered. They lead or act as one of the major players in many partnerships. They also regulate issues such as environmental health.
2. Beyond this, however, councillors are community leaders – taking a broad view of the well-being of local people and communities in a way which is not expected of other public service providers. So they are best placed to understand and respond to local concerns, bringing all the relevant agencies together – public, private, third sector – to tackle cross-cutting issues.
3. In each local authority area, billions of pounds are spent every year by a wide range of service providers, including the National Health Service, the local police service and the local authority itself. For example, a recent analysis in Cumbria demonstrated that £7.1bn of public money was spent in the county in 2008.¹
4. This consultation proposes that councils should have greater scrutiny and oversight of this spending. This will give citizens, working with their councillors, greater influence over how public money is spent. We propose to broaden local authority scrutiny powers and extend them to a wider range of organisations, so that they can better influence local decision making.
5. This would go beyond simply monitoring spending by other bodies and put councils at the centre of local decision making, challenging other services to improve. This stronger role for councils acting on behalf of citizens should be part of their contribution to coordinating frontline delivery across service providers.

¹ Nuclear decommissioning, a national benefit with a large local impact, accounts for a quarter of total expenditure in Cumbria

The challenge

6. Local residents should be able to influence the shape of their area and the services they receive. We want citizens to have a real say in how these challenges are tackled, and on what happens in their communities. This could include getting involved in local budgeting decisions, having a say in how local public services are run, taking part in petitions, or by taking over facilities for their community.²
7. However, most people only have limited time or opportunity to become directly involved in decisions which affect them. So alongside the right to directly shape and influence services must go the right to elect a local authority with real power to champion the needs of their local area – one that is clear about its responsibilities to local citizens. Citizens also need to be confident that when decisions are made about things that affect them, it is informed by their concerns and not just by the interests of those running the service. That is why we believe that elected councillors, selected by voters to represent their interests, should have greater influence over unelected service providers.
8. Our aspiration is for councils to become a local point of accountability for services across their area. The clearest and most effective way to do that is to give councillors greater oversight and responsibility for public spending in their area. Councillors, on behalf of their citizens, should be able to scrutinise public spending provision, influence decision making and hold other service providers to account. Councils also represent the interests of local organisations, including business and third sector.
9. This has the potential to better deliver the personalised services people want and expect, while at the same time ensuring that every taxpayer's pound is used to maximum effect. By giving councils the capacity to look more coherently at public money spent delivering local public services in an area; people will be able to see more clearly how and by whom their money is being spent. Understanding and overseeing expenditure on local service delivery will be a priority for the whole council – its leaders and all members.
10. The Calling and Counting Cumbria project³ which inspired the current Total Place initiative showed that £7.1bn of public money was spent in 2008 in the county. £1.9bn was controlled or directed by local bodies of which:
 - forty-two per cent was from the county council
 - thirty-seven per cent from NHS bodies and
 - fourteen per cent from district councils
- six per cent from the police authority.

² These issues are set out in *Communities in control: real people, real power*, Communities & Local Government, July 2008

³ <http://www.cumbria.gov.uk/communications/countingcumbria.asp>

11. The sums involved show how important it is to have one body monitoring this spending to make sure it is being used to best effect. It is clear this role should fall to councils, with their direct mandate to act on behalf of citizens.
12. Expenditure – while hugely important – is not the only issue on which councils should be able to call other agencies and services to account. We see councils as central to delivery of the minimum entitlements set out in *Building Britain's Future* which citizens must expect. So councils should:
 - be able to make other service providers explain and justify their policies, in order to make sure they are properly responding to local need
 - co-ordinate front-line service delivery, so that citizens receive the properly joined-up, personalised services that they are entitled to.
13. The best way to support councils take on this stronger role is to increase their powers of scrutiny. Councils do currently have some well-established powers of scrutiny over health and police services. But these have not yet had the impact which we believe is necessary. We therefore set out proposals to:
 - broaden the scope of powers which councils can use to carry out their scrutiny function
 - widen the range of organisations over which these powers can be used
 - ensure that local people and their needs are the driving force behind these enhanced powers.

The current picture

Local expenditure

14. A great deal of work has gone into making public money in local areas go as far as possible, and making sure it is used to best effect. Since 2004 councils have achieved £4.5bn of efficiency savings – a significant achievement.
15. The Total Place initiative will show what more it is possible to achieve. In pilot areas, all public spending is being assessed, in order to make sure that it is best, and most efficiently, used to deliver what the local communities need. We have also consulted on how to develop local spending reports further and will be publishing an account of responses shortly. We will make decisions on how best to take forward these reports in the light of the total place pilots.

Total Place

Big efficiency savings have already been delivered while services have improved. But more services can and should be designed around the needs of individuals, rather than around the convenience of institutions. This should both improve the standard of service people receive, and encourage the innovation and efficiency, that are vital to delivering the high standards and value for money that people quite rightly demand from their services. This means finding new ways of doing things, sharing best practice and acting jointly for the common good.

To deliver the improvements needed in public services, we need a deeper understanding of the needs of the community, space for local responsiveness and innovation, and effective co-operation – between public services locally and between central and local government. The Total Place pilots aim to demonstrate the clear benefits of service providers working together effectively to improve services by removing inefficiency and duplication between organisations and putting the needs of users first. They will seek to highlight where central Government can remove unintended barriers which prevent services working effectively together, so creating stronger incentives for co-operation and joint improvement

How does scrutiny currently work?

16. Scrutiny powers are a potentially powerful tool which enables councillors to represent the views of citizens on services which the council is not directly responsible for. Councils use scrutiny committees in a similar way to select committees in Parliament. These committees of non-executive councillors are able to challenge the council leadership on the issues they are responsible for. They also carry out reviews into local issues of importance and make reports and recommendations for change to those taking the decisions.
17. Overview and scrutiny has a different scope for different services – with health, and crime and disorder being the most advanced. For other bodies, the requirements relate to the LAA targets. The bodies that are currently required to engage in overview and scrutiny in relation to LAA targets include Environment Agency, Fire and Rescue Authorities, JobCentre Plus, Youth Offending Teams, Police Authorities, Primary Care Trusts, Regional Development Agencies, Learning and Skills Council, and the Homes and Communities Agency⁴.
18. There are, however, no formal limits on what local government scrutiny can look at – committees can examine any issue of importance to the community. Many committees look at the work of a range of public and private service providers and they can request information from these bodies. They work in partnership with health bodies and police forces to scrutinise local health and crime and disorder issues, meaning that elected members can already have a voice over how these services are delivered. This autumn we will publish statutory guidance for local authorities, people working in the NHS and interested people that will set

⁴ A full list of duty to co-operate bodies is included at Annex A.

out how overview and scrutiny can be improved in the health services.

19. We are also strengthening the scrutiny function⁵ so that:
- councils will also be able to scrutinise other public bodies working with the council on the priority targets set out in the local area agreement
 - councils will be required to designate a dedicated scrutiny officer
 - residents will be able to appeal to the scrutiny committee if they are not satisfied with their council's response to a public petition.

Scope of scrutiny arrangements

20. Scrutiny powers have come a long way since their introduction in the constitutional changes brought into force in 2000. However, scrutiny too often relies on the voluntary cooperation of service providers.
21. For scrutiny to really punch its weight, there needs to be a strong connection between scrutiny committees and local people. In many authorities, members of the public can, and do already get involved in scrutiny in a range of ways, including suggesting topics for review, or by being a co-opted member of a committee. There are good examples of this working in practice – for example, when Tower Hamlets carried out a review of young people's participation in sports leading up to the Olympics, an extensive consultation informed by the views of around 300 young people helped to shape the recommendations made by the scrutiny committee. However, as yet this level of involvement remains relatively limited⁶.
22. The duty on councils to promote democracy, requiring them to explain the opportunities for people to influence decisions affecting public services and how they can get involved, should go some way to address this. But we are seeking views on how we could go further still and make sure that citizens have a stronger connection to their scrutiny committees.
23. We know that democracy is stronger when it is fully representative, and as such, we have been working to increase diversity amongst councillors. This will help to ensure that both executive and scrutiny functions of local authorities are fully representative and able to take proper account of the diverse communities that they serve. There are, also, wider related issues around councillor recognition and conduct, however, these do not form part of this consultation.

⁵ Including through provisions in the Local Democracy, Economic Development and Construction Bill currently before Parliament.

⁶ A recent survey by Centre for Public Scrutiny for example showed that public engagement in scrutiny is low with 51 per cent of authorities reporting that they had not received any suggestions from the public for scrutiny reviews in 2007.

Future options

24. Increasing the power and range of scrutiny is absolutely central to our vision of independent, strong and effective local government. It is a major route through which the voice and interests of local people, through their elected representatives, can be brought to bear on the national and local institutions which provide the local services which are vital to all of our lives. Of course, councils are not the only point of accountability, since people will still have a direct relationship with individual services, but they are an important place where residents can raise their concerns and expect that their elected representative will take appropriate action. In addition, services have other points of accountability, such as the national or regional level.
25. We should not expect people to have a detailed knowledge about the intricacies of local service provision – funding streams, management structures or spheres of responsibility – in order to raise a concern or complaint. Nor should they be expected to do so at the administrative convenience of those bodies. And co-operation between these bodies should not be left to chance. Scrutiny committees have a vital role to play in making sure that these services work as effectively as possible.
26. The extensions of scrutiny proposed in this document may raise issues of relevance to policing. It is intended that where consultation responses relate to this important local service they will be considered through the White Paper on policing which is planned for the autumn⁷. For practical reasons Regional Development Agencies are not considered to be part of this consultation in relation to proposed extensions to scrutiny, beyond current arrangements and those in the Local Democracy, Economic Development and Construction Bill currently before Parliament.

Extending the scope of formal scrutiny arrangements

27. We want to examine whether the scope of scrutiny powers should be increased so that they cover all of the issues that matter to the local community. Other than for health, and crime and disorder matters⁸, formal scrutiny powers are currently limited to those bodies that are under a duty to co-operate with a local authority in setting and delivering the priorities established in the Local Area Agreement (LAA)⁹. Other than on crime and disorder, and on health, scrutiny committees can only use these powers when the issue at hand falls under the scope of priorities set out in the LAA.
28. But the issues which matter to local people often go beyond the scope of

⁷ The recent report *A People's Police Force: Police Accountability in the Modern Era*, Rt Hon David Blunkett MP, 2009 will also be an important piece of work to consider in thinking about the accountability of local bodies going forward, including the police.

⁸ Separate provision is made for the scrutiny of health and crime and disorder matters through the NHS Act 2006, and Police & Justice Act 2006.

⁹ The duty to co-operate applies to named public sector agencies working in partnership with local authorities through local area agreements. A list of these agencies appears at Annex A.

LAA. And they relate to many other organisations than just those who are responsible for delivering the priorities set out in this agreement. Although in some places, other local service providers who have not formally signed up to the LAA – for example utility companies – voluntarily co-operate with council scrutiny reviews, this is not always the case. Whilst they each have their own accountability arrangements and standards to uphold (for example Ofgem’s role for gas and electricity companies), there are currently no requirements to respond to issues raised by council scrutiny committees despite the impact that the activities of these bodies can sometimes have on the local area. In too many cases, in order to address issues of concern, scrutiny committees have to come up with ways to persuade or shame other agencies into attending their meetings or co-operating with reviews. In some cases, their requests are flatly refused.

29. If they are to act effectively on citizen’s behalf, on all the issues which matter to them, we need to further strengthen the scrutiny powers which councils have. This would mean:
- **broadening** the number of bodies which can be subject to scrutiny committees: not limited to those responsible for health, crime and disorder or council functions, nor just those responsible for priority targets set out in the LAA
 - **enhancing** the powers which these committees have. Officers and board members could be required to appear in front of the committee
 - **enabling** scrutiny committees to make reports and recommendations to a wider range of bodies for their consideration, and these bodies could be required to have regard to the recommendations and formally respond to scrutiny committees
30. This consultation will seek views on the issues which should be subject to this enhanced scrutiny.¹⁰ Subject to views, we propose to offer councils greater scrutiny over:
- **police strategies in local authority areas**, plans for which will be developed for consultation by the Home Office in the autumn
 - **fire and rescue authorities**, to make sure their plans¹¹ fully reflect the right balance of protection, prevention and response for different communities; and to examine performance of individual fire and rescue authorities against their published equality and diversity plans
 - **local authorities’ delivery of high-quality educational provision**

¹⁰ These proposals build on the issues considered in the ‘Improving Local Accountability Consultation’ (published 7 August 2008) which sought views on the approach to the legislative framework underpinning the extension of council scrutiny powers to LAA partner authorities in the *Local Government and Public Involvement in Health Act, 2007* and the further proposals for strengthening scrutiny announced in the *Communities in Control White Paper, 2008*.

¹¹ Each fire and rescue authority is required to consult and publish its integrated risk management planning (IRMP). IRMP is about improving public safety, reducing the number of fire incidents and saving lives. Integrated risk management has shifted the focus in planning to put people first, looking at the risks arising from all fires and other emergency incidents, and at the options for reducing and managing them.

to meet local demands and aspirations as well as for supporting and challenging schools to improve. These issues as set out in the Department for Children, Schools and Families' White Paper on 21st Century Schools would ensure further support to these issues that are of great importance to parents and more widely to local communities

- **probation authorities** over issues such as release of ex-offenders into an area, or making sure that they have timely access to local services that may be critical to prevent further offending. Councillors could also have a role in scrutinising the other partners involved in supporting reducing offending
- **provision of public transport and transport infrastructure**
- **Jobcentre Plus** and other employment related services in the local area
- **utility companies:** for example, where repairs which are badly organised and co-ordinated, causing unreasonable inconvenience, the overview and scrutiny committee would be able to look into the matter and make recommendations which the utility company would be required to have regard to, on future improvement programmes
- **young people's education and skills issues**, while recognising the independence of colleges and other learning providers. These services have a high degree of relevance for local communities, as shown by 84% of areas having at least one of the skills indicators in their Local Area Agreement and this has been recognised by the Government's decision to transfer funding to local authorities for education and training for 16–18-year-olds, supported by the creation of the Young Person's Learning Agency. Ensuring that these broader scrutiny powers apply to this issue and the range of partners involved will enable the ambition to put the young learner at the heart of a system to be fully realised. The Learning and Skills Council and its adult skills successor body, the Skills Funding Agency, will continue to be subject to the duty to co-operate through the LAA process.

Making scrutiny work more effectively for citizens

31. Those scrutiny committees which are really effective are those which are well supported by their local authority. We are already requiring lead councils to designate an officer to support the scrutiny committee, which will help raise the profile and visibility of scrutiny.
32. The proposals in this consultation will further increase the status of scrutiny as one of the council's central roles. As the democratically accountable leaders of their areas, it will be a priority for every council leader to ensure that their council's scrutiny activities are effective. This will involve leaders and council executives considering carefully the resources that are devoted to scrutiny and the status accorded to those leading the scrutiny work.

33. One option is to place a duty on council chief executives to ensure that committees have adequate resources to carry out their work. While recognising the importance of scrutiny, this would also mean that final decisions on how best to organise resources are left with those who are best-placed to make them.
34. We also believe that scrutiny should take greater visibility and recognition as befits its vital role. A visible commitment by a local authority to the importance of overview of scrutiny would be ranking the position of chair of certain overview and scrutiny committees in the authority on a par with a cabinet post. This might include the special responsibility allowance for this post being equal to that of a cabinet member in the authority.
35. There is also the question of whether, and how, in extending scrutiny, executive members could be further involved in these activities in relation to the full range of local public services. This would have to be consistent with the need to avoid conflicts of interest between the executive's decision making role and the ability of the non-executive councillors to scrutinise those decisions.
36. There are also more open questions about the support that councils and those individuals charged with carrying out this function may need. As well as fully understanding how their council operates, councillors will need to fully appreciate the complexities of partnership working, and the context and legal framework in which those partners operate. They may well benefit from
 - expert advice from citizens or interest groups
 - more training and support
 - wider opportunities for sharing best practice
37. This consultation asks how best, in addition to any statutory measures, the local government scrutiny function can best be supported, possibly through measures identified above.

Summary

38. Building on the current arrangements in place, we propose to strengthen the existing scrutiny powers as follows (a summary of the relationship between current and potential future local government scrutiny powers is included at Annex A including a list of duty to co-operate bodies):
 - making the description of scrutiny powers more explicit about local councils' role in scrutinising expenditure on delivery of local public services in an area
 - bringing a range of local public services fully under the scrutiny powers of local authorities with a focus on what matters for local people and local communities

- extending scrutiny powers in relation to LAA partners by removing the current limitations to scrutiny of specific LAA targets, and extending scrutiny powers more generally to a wider range of bodies whose activities may be crucial to the development of the area
 - extending scrutiny powers to enable committees to require attendance by officers or board members from partner bodies to give evidence at scrutiny hearings (similar to the powers already in existence for health and police)
39. At their most developed, the proposals in this consultation paper could mean a total of almost £250 billion public money would be subject to council scrutiny. This includes councils' own spending plus potentially more than £100 billion of public money a year spent on key local public services that were delivered locally but not by local government¹².
40. In all these proposals it will be important to strike the right balance to ensure that the operational independence of external bodies is not compromised. These proposals are not about scrutinising the day to day actions of police officers, or clinical decisions, for example, but rather to enable councils to scrutinise the way in which services are delivered. We have a duty to citizens to ensure that bodies spending public money and delivering public services in local areas are open to appropriate, proper challenge and effective scrutiny by the democratically elected councillors for that area. We are also clear that local scrutiny must keep to those issues which affect local service delivery.
41. These proposals are not intended to add additional layers of bureaucratic process. On the contrary, they are intended to simplify the existing arrangements by removing certain limitations and restrictions that exist within the current legislative framework. Nor do we see these proposals leading to a free for all investigation of external bodies, or multiple requests for information from individual councillors. Many scrutiny committees will continue to operate as they do now; investigating issues of concern to local people as part of an agreed programme of work for the year and most of those issues are likely to relate to priorities already identified in the local area agreement. For those issues that do not, scrutiny committees would be able to use their enhanced powers in order to fully investigate on behalf of local people. In using their powers, scrutiny committees would be expected to consider the potential burdens of their requests on external bodies (in the same way as they will for LAA scrutiny under the current arrangements). This is an important issue, generally, but is more so when a body that will be scrutinised has a relationship with a number of individual councils. In these instances we would expect the individual councils to consider the impact of this 'many to one' situation in when and how they approach other bodies, for instance in issues of common interests joining up of requests with others. We will consider how best

¹² Estimated cost of public services delivered locally but not by local government in 2007-08 is based on a subjective analysis of Table 10.1 from Public Expenditure Statistical Analyses 2009, Cm 7630, published by HM Treasury.

manage this issue In taking forward any proposals from this consultation.

Consultation questions

Do you agree that we should extend scrutiny powers in relation to Local Area Agreement (LAA) partners to cover the range of their activities in an area, not just those limited to specific LAA targets?

Do we need to make scrutiny powers more explicit in relation to local councils' role in scrutinising expenditure on delivery of local public services in an area? If so, what is the best way of achieving this?

Do you agree that we should bring all or some of the local public services as set out in this chapter fully under the local authority scrutiny regime? Are there other bodies who would benefit from scrutiny by Local Government?

How far do you agree that we should extend scrutiny powers to enable committees to require attendance by officers or board members of external organisations to give evidence at scrutiny hearings, similar to the powers already in existence for health and police?

What more could be done to ensure that councils adequately resource and support the local government scrutiny function to carry out its role to full effect?

How can council leaders ensure that scrutiny is a core function of how their organisations do business and have a full and proper role in scrutinising the full range of local public services?

What more could be done to better connect and promote the important role of local government scrutiny to local communities, for example, citizens as expert advisers to committees?

