



## Policy and Resources Committee – 4 November 2013

### Committee Review Working Party – Report and Recommendations

#### Purpose of report

This report summaries the discussions held by the Committee Review Working Party established by this Committee and presents their proposals for changes to the Committee Structure

#### Attachment(s)

Appendix A – EIA on proposed abolition of Champions Role

Appendix B – Proposed terms of reference for new Governance and Audit Committee

#### 1.0 Background

- 1.1 Members will recall from a report to this Committee in June that the current committee structure has largely been in place for over five years. Whilst this council remains committed to a committee (rather than cabinet based) system, it was considered timely to review the structure to ensure that it remains fit for purpose.
- 1.2 It was therefore agreed in June to appoint a working party with the following terms of reference:
- To review the legal or regulatory requirements for named Councillors in any particular area of council activity
  - To establish the most significant areas of change to council activity over the next three years where improved member understanding of the context to decisions would be of benefit
  - To review the fit of the roles of champions, sub-committees and working groups to those significant areas and recommend any appropriate changes to Policy and Resources for consideration by Council
  - To consider the need for a separate Governance Committee to focus particularly on internal and external audit matters, and any consequent impacts on Scrutiny Committee roles.
  - To prepare any appropriate evidence for an Independent Members Remuneration Panel if significant changes to member workloads are proposed.
- 1.3 Cllrs J Farrar, G Harwood, D Hughes, S North, R Reichhold and J Taylor, were appointed to the Working Party, which met on three occasions between July and September. The Working Party was supported by the Monitoring Officer and Democratic Services and Elections Manager.
- 1.4 It should be noted that it was made clear from the onset of discussions that the purpose of the review was not to cut costs but to promote more effective working. However, it was anticipated that the costs of any changes should be contained within existing budgets, subject to any recommendations made by the Independent Members Remuneration Board and accepted by the council.
- 1.5 All current Member Champions were notified of the review and asked if they had any comments that they wished the Working Party to consider. The Working Party also looked at the aspects of the new committee structures of those councils that had chosen to revert back to a committee system following enabling provisions in the 2011 Localism Act as it was felt that these might provide useful insights.

## 2.0 Summary of Working Party Findings

### 2.1 Key areas for council activity over the next few years

The Working party confirmed that there were no additional key areas of council activity to add to those identified in the June report:

- Welfare Reform – understanding the implications of the Universal Credit programme on the council's service delivery and finances.
- Business Focus – key area of Corporate Plan activity
- Shared services – to look at the wider opportunities for shared services and greater utilisation of building assets
- Resident Communication and Engagement – in an environment without Nene Valley News
- Member development, including use of technology, prior to 2015 elections

### 2.2 Council Champions

2.2.1 The Working Party noted that there was no longer legal requirement for designated Member roles e.g. champions. They also noted the lack of dedicated officer support or budgets for councillors undertaking the Champion role and the varying level of impact of the individual Champions. Taking these factors into consideration the working party concluded that these roles should be abolished with immediate effect subject to agreement by Council.

2.2.2 Having reviewed the roles they also noted the following four areas should be explicitly covered in the terms of reference of a council committee in order for the council to play an appropriate role:

- Health and Safety
- Health and Wellbeing
- Older People
- Young People

2.2.3 It is considered appropriate that Health and Safety be added to the Terms of Reference for Personnel Sub-Committee whilst the responsibility for Young People and Older People should be explicitly linked to the Scrutiny role in relation to equalities. The Working Party has requested a further report be brought to set out the role and responsibilities of ENC in relation to Health and Wellbeing responsibilities in order to inform what changes might be required to Committee Terms of Reference.

### 2.3 Audit Committee Role

2.3.1 The Working Party considered a report from the Finance Manager which outlined the changing role of Internal Audit following the introduction of the Public Sector Internal Audit Standards (PSIAS) in April 2013. These Standards had introduced stricter mandatory requirements for both the Internal Audit team and the council's Audit Committee.

2.3.2 The guidance note for local authorities accompanying the Standards noted the role of scrutiny and identified differences to the role of an audit committee:

*“The role of scrutiny is to review policy and challenge whether the executive has made the right decisions to deliver policy goals. This is different from the role of the audit committee, which exists to provide independent assurance that there are adequate controls in place to mitigate key risks and to provide assurance that the authority, including the scrutiny function, is operating effectively.*”

2.3.3 In addition, the guidance anticipated that an audit committee could have a significant role in:

- Helping to ensure the authority achieves value for money (VFM)
- Giving assurance through a process of independent and objective review
- Helping improve the adequacy and effectiveness of risk management, assessment and internal control
- Reinforcing the objectivity, independence and importance of internal and external audits and therefore the effectiveness of the audit function
- Raising awareness of the need for sound control and the implementation of recommendations by internal and external audit
- Ensuring effective arrangements exist for enabling a whistle-blower to report irregularities

2.3.4 Whilst the Working Party accepted that having an Audit Committee was not mandatory, use of such a Committee was considered best practice. Members also noted the wide remit of the current Scrutiny Committee and the increase in the governance role since the changes to the standards arrangements. After consideration of these factors, the Working Party concluded that the audit, governance and risk roles should be separated from the Scrutiny Committee and a new Governance and Audit Committee of seven members should be created.

2.3.5 The Working Party considered the terms of reference of the new Audit and Governance Committee at Melton Borough Council, those of the existing Scrutiny Committee and the guidance noted in paragraph 2.3.2. From this they propose the draft terms of reference for the new Governance and Audit Committee outlined in Appendix B.

2.3.6 The Working Party also recommended that the members of the new Governance and Audit Committee should not service on a policy making committee (Policy and Resources and Planning Policy) or Scrutiny Committee in order to ensure independence of function.

## 2.4 *Independent Members Remuneration Panel*

2.4.1 The creation of a new Committee and revised responsibilities for other committees result in the need for a review of allowances by the Independent Member Remuneration Panel. Such a review has not been carried out for a number of years (during most of which members have not received any increase in allowances). It was therefore agreed that a Panel should be convened and a brief for the key issues to be considered be drafted for consideration by Council.

2.4.1 In the interim it is proposed that the role of Chair of the new Governance and Audit Committee should receive an allowance similar to that of the Chair of the former Audit and Risk Committee. This can be accommodated from the money saved by the cessation of payment of Champions Allowances.

## 2.5 *Constitutional Review*

2.5.1 Members of the Working Party noted that two large scale reviews of the Constitution had been carried out in the past four years. In addition it was noted that further amendments to ensure consistency following a current Internal Audit Governance Review would be reported to Council in January. It is therefore recommended that any further in-depth review of the Constitution should not take place until 2015.

## 2.6 *Member Training and Induction*

2.6.1 In reviewing the terms of reference of Melton Council Audit and Governance Committee the Working Party noted that this committee had an oversight role in relation to Member training and development. The Working Party felt that inclusion of such a standing role in the terms of any ENC Committee was not necessary. However, it was agreed that Council should set up a small working party to start preparations for the 2015 Member Induction process following the District Elections.

### **3.0 Equality and Diversity Implications**

3.1 The introduction of a Governance and Audit Committee is not considered to create any equality and diversity implications.

3.2 The equalities impact assessment for the potential abolition of the Champions role is attached. Although there is the potential for an adverse impact it is intended that this will be mitigated by the revision of the terms of reference of the Scrutiny Committee to include specific responsibilities for Young People and Older People as highlighted in paragraph 2.2.3 and on-going council involvement in the Community Safety Partnership..

### **4.0 Legal Implications**

4.1 There are no new legal implications arising from the proposals.

### **5.0 Risk Management**

5.1 The creation of a separate Governance and Audit Committee reduces the risk of the council being challenged on its audit management arrangements. In addition, because of the narrower focus of the proposed new committee, it will enable more debate on related decisions and more focused training for its members.

### **6.0 Financial Implications**

6.1 It is not anticipated that there will be any new financial implications arising from this report, (as per paragraph 2.4) other than as a result of any recommendations of the Independent Members Remuneration Panel.

### **7.0 Constitutional Implications**

7.1 This report will require amendment to Parts 2 (Articles), 4 (Rules of Procedure) and 8 (Terms of Reference) of the Constitution. If the proposals presented in this report are recommended for submission to Council, a more detailed report highlighting the specific changes required would be presented to Council.

### **8.0 Corporate Outcomes**

8.1 The work of the proposed Governance and Audit Committee would contribute to the Corporate Outcomes of Effective Management by increasing the number of councillors with more detailed understanding of audit and risk issues.

### **9.0 Recommendation**

9.1 Members are asked to review the Equalities Impact Assessment (EIA) set out in Appendix A which identifies potential negative impacts that may arise from the proposals to remove the role of Member Champions. Having considered if any further actions are required before approval, to approve the EIA.

9.2 Members are asked to recommend that a report presenting the proposals in Section 2 be presented to Council, together with details of the necessary associated changes to the Council's Constitution.

*[Reasons: The proposed changes will provide the most efficient way to ensure that the council can make informed and effective decisions. Changes to the Council's Constitution require full council approval]*

<b>Legal</b>	Power: Local Government Act 1972 and Localism Act 2011				
	Other considerations: Council Constitution, Public Sector Internal Audit Standards April 2013.				
<b>Background Papers:</b> Report to Policy and Resources Committee June 2013					
<b>Person Originating Report:</b> Sharn Matthews Executive Director and Monitoring Officer ☎ 01832 742018 ✉ smatthews@east-northamptonshire.gov.uk					
<b>Date:</b> 23/10/13					
<b>CFO</b>		<b>MO</b>		<b>CX</b>	D. Oliver

(Committee Report Normal Rev. 22)



## EIA Initial Screening Form – Committee decision

<b>1. Decision being taken:</b>	Possible Removal of Member Champion Roles Policy and Resources Committee Nov 2013
<b>2. Name and Job title / role of person completing Initial Screening:</b>	Sharn Matthews, Executive Director
<b>3. What is the main purpose of the Service or Policy under discussion?</b>	<p>The Council has for some time made provision in Article 2 of the Constitution for the role of Member Champion for the following areas:</p> <ul style="list-style-type: none"> <li>• Community Safety</li> <li>• Cultural and Leisure Services</li> <li>• Health and Safety</li> <li>• Heritage and Historic Environment</li> <li>• Older People and Safeguarding</li> <li>• Sustainable Communities</li> </ul>
<b>4. List the main activities of the Service or Policy under discussion</b>	<p>Article 2 states that the purpose of the Champion role is to act as a positive focus for the local community, and for the Council, in respect of the relevant section of the community, issue or range of activities so as to ensure that the impact of Council activities and decisions upon the section of the community, issue or range of activities is fully recognised and considered.</p>
<b>5. Who are the main beneficiaries of the Service or Policy under discussion?</b>	<p>In terms of community groups with protected characteristics, older people and vulnerable adults and children are the potential main beneficiaries of the current champions roles</p>
<b>6. How is the success of the Service or Policy under discussion measured?</b>	<p>Over the past few years it has been noted that the level of engagement of champions in their target area and feedback to the council has been mixed. Some have regular meetings with key officers and/or partner organisations/boards, whilst interaction or feedback by others is minimal. In the case of Community Safety, which could involve many of the groups or individuals with protected characteristics, it could be argued that</p>

	involvement in the Community Safety Partnership is the more valuable and helpful activity to the council, and it is not intended to change the level of involvement in the Partnership.
<b>7. Are equality monitoring systems for the Service or Policy under discussion in place?</b>	No <i>(If yes give details)</i>

**8. Use the following table to indicate using a ✓:**

- a) Where you think that the decision being taken could have a positive impact on any of the groups or contribute to promoting equality of opportunity or improving relations within equality groups.
- b) Where you think that the decision being taken could have a negative impact on any of the equality groups i.e. it could disadvantage them.
- c) Where you think that the decision being taken could have a neutral impact on any of the equality group i.e. no impact

Equality Group	Positive Impact	Negative Impact	Neutral Impact	Reason
<b>Gender:</b>				
Women/Girls		x		The discontinuation of the role of the Community Safety Champion could have a bearing on these groups in terms of domestic violence and race hate crime.
Men/Boys		x		
Transgender people		x		
<b>Sexual Orientation:</b>				
Lesbians, gay men and bisexuals			x	The discontinuation of the role of the Community Safety Champion could have a bearing on this group in terms of hate crime.
<b>Race/Ethnicity:</b>				
White British people		x		The discontinuation of the role of the Community Safety Champion could have a bearing on these groups in terms of race hate crime.
White non-British people (including Irish people)		x		
Asian or Asian British people		x		
Black or Black British people		x		
People of mixed heritage		x		
Chinese people		x		

Equality Group	Positive Impact	Negative Impact	Neutral Impact	Reason
Travellers (Gypsy/Roma/Irish heritage)		x		The discontinuation of the role of the Community Safety Champion could have a bearing on these groups in terms of race hate crime.
People from other ethnic groups		x		
People who do not have English as their first language		x		
<b>Disability:</b>				
Physical impairment, e.g mobility issues which mean using a wheelchair or crutches.		x		The discontinuation of the role of the Community Safety Champion could have a bearing on these groups in terms of disability hate crime.
Sensory impairment, e.g blind/having a serious visual impairment, deaf/having a serious hearing impairment.		x		
Mental health condition, e.g depression or schizophrenia		x		
Learning disability/difficulty, e.g. Down's syndrome or dyslexia, or cognitive impairment such as autistic spectrum disorder		x		
Long-standing illness or health condition, e.g. cancer, HIV. Diabetes, chronic heart disease or epilepsy		x		
Other health problems or impairments ( <i>please specify if appropriate</i> )		x		
<b>Age:</b>				
Older People (60+)			x	Removal of the Champion for older people and safeguarding potentially weakens the council's understanding of their issues
Children and Young People (see guidance for definition)			x	
<b>Religion/Belief:</b>				
Christian		x		The discontinuation of the role of the

Equality Group	Positive Impact	Negative Impact	Neutral Impact	Reason
Buddhist		x		Community Safety Champion could have a bearing on these groups in terms of hate crime.  The discontinuation of the role of the Community Safety Champion could have a bearing on these groups in terms of hate crime.
Hindu		x		
Jewish		x		
Muslim		x		
Sikh		x		
Other religion (including holding no belief)		x		
<b>Other Potentially Affected Groups</b>				
Rural Isolation - People who live in rural areas e.g isolated geographically, lack of internet access			X	None of the Champion's roles has a specific remit for this group
Socio-economic Exclusion – e.g. people who are on benefits, have low educational attainment, single parents, people living in poor quality housing, people who have poor access to services, the unemployed or any combination of these and the other protected strands			X	None of the Champion's roles has a specific remit for this group
Any other potentially affected groups ( <i>please specify</i> )				
<b>9. If you have indicated that there is a negative impact on any group:</b>				
a) Is that impact against legislation?			No	
b) What is the level of impact?			<b>Low</b> - as previously noted for issues relating to domestic violence and hate crimes it could be argued	

		that involvement in the Community Safety Partnership is the more valuable and helpful activity for both the council and affected individuals/groups. It is not intended to change the level of involvement in the Partnership.
10. Could you minimise or remove any negative impact that is of low significance?	How?	It has been agreed that the following areas should be explicitly incorporated into the remit of specific committees in order to provide a continuing focus on changing context and local needs: <ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Health and Wellbeing</li> <li>• Older People</li> <li>• Young People</li> </ul>
11. Could you improve a positive impact of the decision?	No	
12. If there is no evidence that the decision promotes equality of opportunity or improved relations, could it be adapted so that it does?	No	
Head of Service signature		
<b>Date of Initial Screening:</b>	24/10/13	

**Proposed Terms of Reference for Governance and Audit Committee***Terms of Reference*

The Council has appointed a Governance and Audit Committee, comprising 7 members of the Council appointed at the Annual Meeting.

The Committee's purpose is to oversee the council's arrangements in relation:

- Audit
- Constitution and Governance
- Ethics and Probity
- Members' Support and Training
- Risk Management and Internal Control

**AUDIT**

1. To consider the appointment of the External Auditor, the audit fee, the provision of any non-audit services by the external auditor and any questions of resignation or dismissal of the external auditor.
2. To receive the External Audit Annual Plan and discuss, if necessary, with the External Auditor before the audit commences the nature and scope of the audit.
3. To review the Financial Statements and External Audit opinion. To report to Policy and Resources Committee any matters requiring their consideration, and monitor Management Action in response to any issues raised.
4. To approve the Internal Audit Annual Plan for the Council and Annual Internal Audit report, addressing key internal control issues as required, and specifically to consider whether there are concerns arising that need to be brought to the attention of the Policy and Resources Committee;
5. To keep under review the effectiveness of internal control systems, to receive the External Audit Management Letter on behalf of the Council and any representations and refer any issues requiring attention to the relevant Committee and/or officer.
6. To monitor the performance of Internal Audit.
7. To review summary Internal Audit reports and the main issues arising and seeking assurance that action is taken on the main issues raised in these reports.

8. To ensure that there are effective arrangements between Internal and External Audit and that the value of the audit process is actively promoted.
9. To obtain appropriate assurance that the Council's Annual Governance Statement, and any other assurance statements required of the Council, properly reflect the risk environment and any actions required to improve it.

#### GOVERNANCE

10. To have oversight of the publication of an Annual Report in the most appropriate format.
11. To monitor the openness of the Council in its dealings, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.
12. To have oversight of the Council's management and response to the Freedom of Information Act and Data Protection Act.

#### RISK MANAGEMENT AND INTERNAL CONTROL

13. To develop and maintain robust systems for identifying and evaluating significant risks and putting in place effective Risk Management Systems, including those relating to internal control and an internal audit function.
14. Endorse the Business Continuity Plan and Risk Management Strategy; and to review the RISK Register
15. To have oversight of provisions which reflect the transparency of the Council including Whistleblowing Policy and Procedures, Fraud and Corruption Policy and Procedures, and other related matters.
16. To oversee the arrangements to introduce new regulatory legislation such as the introduction of the Anti-Bribery Act 2010.
17. Consider the Council's compliance with its own and other published standards and controls

#### ETHICS AND PROBITY

18. Promoting and maintaining high standards of conduct by councillors and co-opted members.
19. The development, implementation, maintaining and review of the ethical framework, including the code of conduct for councillors and co-opted members.
20. Overseeing the provision of training, guidance and support in the context of Ethics and Probity.

**GENERAL**

21. The Governance and Audit Committee has the power to appoint time-limited working parties, review teams and panels as necessary

22. Proceedings of Governance and Audit Committee and any Sub Committee, working party or scrutiny panel appointed by it take place in accordance with the Procedure Rules set out in Part 4.1 of the Constitution

## Residual Terms of Reference for Scrutiny

<p><i>Terms of Reference</i></p>	
<p>1. The Council has appointed a single Scrutiny Committee, comprising <b>X</b> members of the Council appointed at the Annual Meeting. The Committee's purpose is to manage and co-ordinate the overview and scrutiny process in accordance with the Scrutiny Procedure Rules set out in Part 4.4 of the Constitution and to monitor statutory and local performance indicators and set standards and targets for performance improvement</p>	<p>ENC Constitution –Scrutiny TOR</p>
<p><b>REVIEW OF DECISIONS</b></p> <p>1. Review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions;</p> <p>2. Make reports and/or recommendations to the full Council, the Policy and Resources Committee and/or any joint or area committee in connection with the discharge of any functions;</p> <p>3. Consider any matter affecting the area or its inhabitants;</p> <p>4. Exercise the right to call-in, for reconsideration, decisions made but not yet implemented by a policy committee and/or any joint committees</p> <p>5. review and scrutinise the decisions made by and performance of, the Policy &amp; Resources Committee and Chief Officers both in relation to individual decisions and over time;</p>	<p>ENC Constitution –Sc rutiny TOR</p>
<p><b>PERFORMANCE AND EFFICIENCY</b></p> <p>6. Receive reports on the council's performance framework, which includes monitoring of:</p> <ul style="list-style-type: none"> <li>• high level risks where actions to mitigate have not been completed on time</li> </ul>	<p>ENC Constitution –Scrutiny TOR</p>

<ul style="list-style-type: none"> <li>• high level internal audit recommendations that have not been implemented on time</li> <li>• emerging financial risks and significant budget variations</li> <li>• performance indicators which are consistently not achieved</li> <li>• key service area achievements (see minute 323 of Scrutiny Committee 15 December 2010)</li> </ul> <p>7. Commission work from internal and external audit including value for money and efficiency reviews.</p>	
<p><b>POLICY DEVELOPMENT</b></p> <p>8. Assist the Council in the development of the Council’s Budget and Policy Framework by in-depth analysis of policy issues;</p> <p>9. Conduct research, community and other consultation in the analysis of policy issues and possible options</p> <p>10. Consider and implement mechanisms to encourage and enhance community participation in the development of policy options;</p> <p>11. Question Members of the Council and the Policy &amp; Resources Committee, and Chief Officers and Heads of Council Services, about: their views on issues and proposals affecting the area; and, in relation to particular decisions, initiatives or projects;</p> <p>12. review and scrutinise the performance of the Council in relation to its policy objectives;</p>	<p>ENC Constitution –Scrutiny TOR</p>
<p><b>COMMUNITY ENGAGEMENT and CO-OPERATION</b></p> <p>13. Establishing clear channels of communication with the public and dealing with their concerns, including oversight and review of the Councils Corporate Complaints Policy and relationships with other regulatory bodies such as the Ombudsman.</p> <p>14. Liaise with other external organisations operating in the area,</p>	<p>Melton Governance Committee ToR</p> <p>ENC Constitution –Scrutiny TOR</p>

<p>whether national, regional or local, to ensure that the interests of local people are enhanced by collaborative working</p> <p>15. review and scrutinise the performance of other public bodies in the area and invite reports from them by requesting them to address the Scrutiny Committee and local people about their activities and performance</p> <p>16. within the Council's published Petitions Scheme, consider petitions which call for a senior officer of the Council to attend the Committee to answer questions on how a particular service is being delivered; and also to review the Council's response to petitions in cases where the petition organiser feels this is inadequate;</p>	ENC Constitution –Scrutiny TOR
<p>GENERAL</p> <p>17. Make recommendations to the Council and/or appropriate policy committee arising from the outcome of the scrutiny process;</p> <p>18. Question and gather evidence from any person (with their consent).</p>	ENC Constitution –Scrutiny TOR
<p>The Constitution requires the Scrutiny Committee to report annually to the full Council on the operation and effectiveness of scrutiny arrangements.</p>	ENC Constitution –Scrutiny TOR – Do we still want this?
<p>The Scrutiny Committee has the power to appoint time-limited working parties, review teams and panels as necessary.</p>	ENC Constitution –Scrutiny TOR
<p>Proceedings of the Scrutiny Committee and any Sub Committee, working party or scrutiny panel appointed by it take place in accordance with the Procedure Rules set out in Part 4.1 of the Constitution and the Scrutiny Procedure Rules set out in Part 4.4 of the Constitution.</p>	ENC Constitution –Scrutiny TOR

Addition to terms of reference for P&R

1. To review of the Council's Constitution, its political arrangements and rules of procedure (subject to approval by Full Council, unless of a minor nature).

