

# DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
MONITORING OFFICER	COUNCIL	6 FEBRUARY 2017	15
CONSTITUTIONAL AMENDMENTS			

## PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY

Following an initial report presented on 22 September 2016, in relation to the effectiveness of the Audit and Standards Committee, the Audit and Standards Committee, at the meeting on 19 January 2017, considered a number of proposed amendments to its terms of reference. The proposed amendments would more closely reflect best practice guidance advocated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in their published advice. The amendment forms part of the improvement action plan adopted by the Committee and solely relates to the audit element of the committee's terms of reference. The committee recommends the amendment for adoption by the council.

Additionally Audit and Standards Committee has considered a number of recommendations and constitutional changes arising from the recent governance review. The report to Audit and Standards Committee collated the views of members and officers, recommendations from the LGA Peer Review and the Institute of Local Government report, authored by John Cade. The Committee has made a number of recommendations, arising from that report, for adoption by the council.

### RECOMMENDATION

1. To accept the recommendation of the Audit and Standards Committee to adopt the revised terms of reference for Audit and Standards Committee as described within the report.
2. To accept recommendations of the Audit and Standards Committee and amend the constitution, as follows:
  - To add the following wording to the constitution under the remit of the Operational Management Committee; "Considering reports, reviewing and formulating where necessary policies relating to building control and land charges";
  - Remove the requirement for a drawdown report to be taken to committee prior to spending, within the limits detailed in the report;
  - To change the name of the Development Management Committee to Planning Committee; and
  - To give the Chief Executive, or the Directors in his absence, the power to make emergency decisions in consultation with the relevant committee Chairman or Vice Chairman in his/her absence together with the Leader of the Council with the emergency power procedure to be reviewed by Audit and Standards Committee in 12 months' time.
3. To note that the Audit and Standards Committee has recommended a review of the Council's public speaking arrangements and a subsequent report will be considered at a future meeting of the Audit and Standards Committee, with any recommendations arising as a result being reported back to Council.

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services ( <b>Value for Money</b> )	√
Delivering the services that customers expect of an excellent council ( <b>Clean and Green</b> )	
Working with all partners ( <b>Vibrant Economy</b> )	
To make sure Fylde continues to be one of the most desirable places to live ( <b>A Great Place to Live</b> )	
Promoting Fylde as a great destination to visit ( <b>A Great Place to Visit</b> )	

## REPORT

### Proposed amendments to the Audit and Standards Terms of Reference

1. In September 2016 the Audit and Standards Committee considered a report on its effectiveness compared to best practice guidance set out by CIPFA in its publication 'Audit Committees: Practical Guidance for Local Authorities and Police'. The guidance incorporates an effectiveness self-assessment checklist to permit benchmarking against good practice.
2. The Chair and Vice Chair of the Audit and Standards Committee carried out the self-assessment review against the checklist, supported by the Head of Internal Audit. The review related solely to the audit element of the committee's mandate.
3. The Improvement Plan raised two issues in relation to the committee's terms of reference:
  - The present terms of reference do not fully set out the purpose of an Audit Committee as documented in CIPFA's Position Statement
  - Although the current terms of reference do mention the core areas identified in CIPFA'S Position Statement, they are not always in the same context or to the same extent as the suggested core functions in the CIPFA guidance
4. The action agreed by the committee in relation to both observations above was to compare the existing terms of reference to the core areas as identified in CIPFA's guidance. Any enhancements or changes suggested would be referred to the Council for addition into the terms of reference as required.
5. In addition, the committee agreed that responsibility for and means of providing assurance on risk management to the Council and the public needed to be properly re-established and made clear in the revised terms of reference.
6. The following additions to the proposed terms of reference have been made:
  - Section 1 - new section that explains the committee's overall remit in terms of the audit element of the committee's mandate
  - Paragraph 2.7 - extends and defines the committee's role in relation to internal audit
  - Paragraph 3.4/5 - states the committee's role in relation to risk management
  - Paragraph 3.6 - new phrase added concerning governance and corporate objectives
  - Paragraph 3.8 - establishes the committee's right to consider reports from external audit and other inspection agencies
  - Paragraph 3.9 - refers to monitoring arrangements for fraud and value for money
  - Paragraphs 3.11 - relates to matters referred by other committees or by statutory officers

- Paragraphs 3.13 - sets out the treasury management role of the committee
  - Section 4.2 - establishes the committee's right to consider the external auditor's opinion to those charged with governance
  - Paragraph 5.2 - refers to the promotion of ethical values and arrangements to achieve them
  - Paragraph 6.3 - establishes the right of the committee to report to other committees and corporate groups
  - Paragraphs 6.4 - gives an undertaking to review committee performance annually
7. Some minor adjustments to phrasing and removal of duplicated sentences or words have also been made but these make no significant difference to the meaning or substance.
  8. The proposed terms of reference for the audit element of the committee's mandate, which reflects best practice as described above, is attached as an Appendix to this report. New wording is highlighted.

### **Constitutional amendments arising from the Governance Review**

9. In accordance with an undertaking to review the new governance arrangements recommended by the cross party Governance Working Group, a survey was sent to councillors and a request for feedback and comments was sent out to officers in January 2016. A period of several weeks was allowed for comments and feedback with a paper version of the survey circulated at the Full Council meeting as well as links to the online version. Members and senior officers also had the opportunity to provide open comment and feedback on any aspect of the governance arrangements. The online consultation was available at [www.fylde.gov.uk](http://www.fylde.gov.uk) to allow comment from any stakeholders.
10. The feedback generated a number of practical suggestions which were considered by the Audit and Standards committee at its January 2017 meeting. Whilst the governance review feedback was being analysed, the Local Government Association, through the Peer Review Challenge in May 2016, suggested that the review would also benefit from external review and suggested the Institute of Local Government Studies at Birmingham University (INLOGOV) undertake this work. The proposal provided the opportunity for an external professional perspective on the arrangements in place at Fylde as well as allowing comparison with other authorities that had made the same transition from cabinet to committee arrangements.
11. The council subsequently engaged John Cade from the Institute of Local Government Studies at Birmingham University ("INLOGOV") which is the leading UK centre for the study of local public service management, policy and governance, and has worked within local government and the public sector for over 40 years. Mr Cade had also worked with other local authorities who had changed governance arrangements. Mr Cade visited the council at the beginning of September 2016 engaging with 21 councillors and interviewing the management team.
12. Mr Cade focused on considering governance arrangements that are both best practice but also appropriate to the culture and appetite of the local authority, whilst recognising that any recommendations must be appropriate to the current ambition of the council.
13. Mr Cade's report, together with comments from the LGA Peer Review and survey results from members and officers were considered by the Audit and Standards Committee at its meeting on 19 January 2017. Arising from the committee's considerations a number of constitutional amendments and changes have been recommended.
14. Table 1 below sets out those proposed constitutional changes, and are recommended to Council for adoption.

**Table 1**

<b>Governance Review Finding</b>	<b>Commentary</b>	<b>Recommendation from Audit and Standards Committee</b>
Constitution is silent on which committee is responsible for land charges and building control, suggest that it should be added to Operational Management committee's remit.	The constitution needs to be clear which committee has responsibility for this council function.	Add the following wording to the constitution under the remit of the Operational Management Committee; "Considering reports, reviewing and formulating where necessary policies relating to building control and land charges".
There should not be a need for a drawdown report where funds for a specific project are already in the Council's approved capital programme.	There is currently a requirement for a drawdown report to be taken to the relevant committee prior to a project starting despite the project being in the Council's approved capital programme.	To avoid delays, the removal of the requirement for a drawdown report to be taken to committee <b>prior</b> to spending. This would apply only for previously approved capital schemes up to the value of £100k.  A subsequent report setting out how the money was spent would be reported to the relevant committee. Drawdown reports for more complex and costly schemes, over £100k in value, would still require the sign-off of elected members through the appropriate committee <b>prior</b> to the scheme commencing.
The INLOGOV report recommended that the name of the Development Management Committee be changed to the Planning Committee.	This would more adequately reflect the mix of agenda items the DM Committee considers	To change the name of Development Management Committee to Planning Committee
The INLOGOV report recommended that there should be provision for urgent decisions to be taken	It is best practice in committee arrangements for there to be provision within the Constitution for an officer(s) to take urgent decisions in consultation with the Chairman of a Committee or any other named member. The decision	To give the Chief Executive, and the Directors, in his absence, the power to make emergency decisions in consultation with the relevant committee chairman, and their Vice-Chairman in his/her absence together with the Leader of the Council, with the

	would then be reported the next meeting of the relevant committee for information.	circumstances to be reported to the next available meeting of the relevant committee.
<p>There were a number of respondents who offered comments regarding public speaking seeking review of public speaking, commenting on confusion regarding pre-registering, the need to tighten the scope for public platform, and the need to draw all public speaking together in the constitution.</p>	<p>The public speaking rules would benefit from a redraft and consistency across all committees. The issues of whether or not pre-registration should be required; the number of speakers; the time allowed per speaker; and whether speakers can only address items on the current agenda, should be considered.</p> <p>Additionally by drawing together all the public speaking rules into one place in the Constitution, would assist making the rules clearer for the public.</p>	<p>To request the Director of Resources review and redraft the current public speaking arrangements for meetings of the Council and its committees. In particular review the current procedures for elected members wishing to speak at the Development Management Committee, and to consider allowing members of the public the opportunity to speak again if the item has previously been deferred. All public speaking arrangements should be collated together in the Constitution. The redrafted arrangements to be presented for consideration at a future meeting of the Audit and Standards Committee.</p>

IMPLICATIONS	
Finance	The proposed changes to the terms of reference of the Audit and Standards Committee will enhance good governance and probity. There are no financial implications arising from this report.
Legal	No specific implications
Community Safety	No specific implications
Human Rights and Equalities	No specific implications
Sustainability and Environmental Impact	No specific implications
Health & Safety and Risk Management	In completing this review the Council seeks compliance with best practice in demonstrating the effectiveness of the Audit and Standards Committee, which is a key component in the consideration of the system of internal control and risk

LEAD AUTHOR	TEL	DATE	DOC ID
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LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Effectiveness of the Audit Committee 2016 Audit and Standards Committee Improvement Plan 2016	September 2016	<a href="S:\Internal Audit\Effectiveness of the Audit &amp; Standards Committee - 0916.doc">S:\Internal Audit\Effectiveness of the Audit &amp; Standards Committee - 0916.doc</a> <a href="S:\Internal Audit\Audit &amp; Standards Improvement Plan.doc">S:\Internal Audit\Audit &amp; Standards Improvement Plan.doc</a>

#### Attached documents

1. Proposed Terms of Reference (audit element) for the Audit and Standards Committee