


Agenda Item No:	14	
Committee:	Council	
Date:	14 December 2020	
Report Title:	Update to Committees and Panels	

1. Summary

For Council to consider changes to the Council's Committees and Panels namely the merging of Staff Committee and Corporate Governance Committee.

2. Key Issues

- The Council delegates the delivery of certain functions to Committees to administer on the Council's behalf.
- Staff Committee currently oversees staffing and employment matters and those of internal health and safety.
- Corporate Governance Committee currently oversees the financial governance of the Council in relation to audit, financial probity and risk management.
- Following feedback from Members, there is a desire to merge these two Committees in to a single Committee to reflect the risk management role both Committees perform in relation to the Council's overall governance and in recognition that the Staff Committee only meets periodically (2 times in the past 12 months) therefore the work of the two Committees would more efficiently be performed by a single Committee.
- It should be noted that CIPFA guidance exists in relation to the construction and regulation of Corporate Governance Committees which encourages the adoption of certain principles around independence which will need to be considered as part of the establishment of this new Committee and are set out in more detail in section 2 of the report along with the view of External Audit.
- Terms of reference have been prepared for the new Committee at Appendix A.
- By merging the Committees, this impacts on political proportionality due to a reduction in the number of seats available therefore this has been recalculated as set out in the report and Appendix B.
- Appointments to the new Committee are set out at Appendix C.

3. Recommendation

- To agree the merger of Staff Committee and Corporate Governance Committee to create a new Audit and Risk Management Committee.
- To agree the terms of reference for the new Audit and Risk Management Committee as set out at Appendix A.
- To agree the updated political proportionality report as set out at Appendix B.
- To agree the updated Membership of Committees as set out at Appendix C.

- To delegate to the Monitoring Officer to update the master copy of the Constitution with the changes above and to delegate to the Chief Executive appointments to the new Committee.
- To incorporate mitigations referred to in paragraph 2.4 of the Report that cover the concerns raised in paragraphs 2.2 and 2.3.
- That consideration be given to additional measures which will further address the concerns raised in paragraphs 2.2 and 2.3 of the Report.

Wards Affected	All Wards
Portfolio Holders	Councillor Chris Boden, Leader of the Council
Report Originators	Carol Pilson, Corporate Director Peter Catchpole, Corporate Director Anna Goodall, Head of Legal and Governance Katherine Woodward, Internal Audit Manager Amy Brown, Chief Solicitor
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Background Papers	Council Report Committees and Panels, June 2020 Audit Committees Practical Guidance for Local Authorities and Police (CIPFA 2018 edition) Constitution

1. Background

Following feedback from Members, it is suggested that Staff Committee and Corporate Governance Committee are merged to create a new Audit and Risk Management Committee fulfilling all of the functions of the two previous Committees as set out in the new terms of reference.

2. Legal and Governance considerations

- 2.1 Section 101 of the Local Government Act 1972 (“the 1972 Act”) permits a local authority to arrange for the discharge of its non-executive functions via the appointment of committees. To date, Fenland District Council has delivered its staff and audit functions via the establishment of two separate committees. There is no statutory requirement for the business of these committees to be enacted in this way and Council are therefore being asked to consider an amalgamation. In considering that proposition due regard should however be given to the available guidance in relation particularly to the way in which good governance should be applied within a local authority and how effective Audit

Committees / Corporate Governance Committees should be constructed to achieve the primary governance functions expected by certain legislative requirements.

- 2.2 In particular, CIPFA, in its guidance 'Audit Committees Practical Guidance for Local Authorities and Police' (CIPFA 2018 Edition) guards against amalgamation of Corporate Governance Committees (CGCs) with other functions due to the concern its business may be diluted by other business and undermine its effectiveness. Also, it is recommended that CGCs do not have decision making powers to maintain their independence and to be able to hold other parts of the organisation to account. Under this proposal, the new Committee would be making decisions in relation to staffing and employment matters therefore it could not hold itself to account for these decisions due to a conflict of interest.
- 2.3 The views of the Council's External Auditor from Ernst and Young have been sought on this proposal which are:
- "the Corporate Governance Committee is there to provide robust, independent oversight of the processes and systems of the Council – it should not be a decision making body of the Council. Combining the two Committees would negate that key governance element and I would be minded to comment on the appropriateness if it was implemented...my view would be the independence and scrutiny is a sacrosanct role of an Audit Ctee (CG in your case)."*
- 2.4 These issues could be mitigated by having two clear sections to the meeting to deal with audit matters and employment matters.

3. Political Proportionality

- 3.1 Merging two Committees affects political proportionality as there is a reduction of 8 seats available to be apportioned to political groups reducing from 67 to 59.
- 3.2 As per paragraph 2.1 the Constitution provides that the Council allocation of seats and position of Chairman and Vice Chairman on those committees subject to political balance arrangements.
- 3.3 The rules relating to political proportionality in relation to membership of committees are set out in the Local Government and Housing Act 1989 and the supporting regulations.
- 3.4 For the purposes of the regulations a political group must consist of two or more members who have signed a declaration to that effect.
- 3.5 Where one or more groups exists the relative proportions of the groups should be used in allocating seats on committees/outside bodies. Therefore, any elected members who are not part of a group are not automatically allocated seats on committees. If however there are any seats which remain unallocated after political groups have been given their proportionate allocation, those unallocated seats will be given to ungrouped members.
- 3.6 The Council ordinarily has 39 elected members however a vacancy currently exists, which in accordance with the provision set out in the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel

Meetings) (England and Wales) Regulations 2020 an election to fill the vacancy cannot take place until May 2021. There is no requirement to change the political proportionality purely as a result of the vacancy arising as legally the review would follow the subsequent by-election. However, given that there will be a significant delay before there is a legal requirement for a review due to the protracted timescales for an election, Group Leaders have indicated that they agree to act in accordance with the spirit of the legislation. The review would then have to be based on the number of 'actual' members (discounting the vacancy), namely 38..The distribution of the 38 current members of the Council within the group structures is as follows should the new Committee be formed:

Group	Number of Members	Percentage of seats allowed	Number of Seats on Committees
Conservatives	25	66%	39
Fenland Independents Alliance (Including 2 Liberal Democrats)	13	34%	20

The proposed allocation of seats and position of Chairman and Vice Chairman on the committees are as set out at Appendix B.

4. Financial Considerations

- 4.1 There are no financial considerations attached to this proposal except that only one Special Responsibility Allowance would be required instead of two. This represents a saving of £1,637.

5. Equality Considerations

- 5.1 There are none.

APPENDIX A – Terms of Reference

Corporate Governance Committee Procedure Rules to be deleted and replaced with the following Audit and Risk Management Committee Terms of Reference.

NEW Rule 10 – Audit and Risk Management Committee Rules

Statement of purpose

1. Our audit and risk management committee is a key component of Fenland District Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. It also has oversight and decision-making powers in relation employment matters such as staff restructures, and internal health and safety.
2. The purpose of our audit and risk management committee is to provide independent assurance to the members and other parties of the adequacy of the risk management framework and the internal control environment. It provides independent review of Fenland District Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place. It also ensures the Council is managing the risk of ensuring services have the resources to deliver on the Council's statutory responsibilities and corporate priorities whilst recognising the Council's financial position.

Governance, risk and control

- 3 To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 4 To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
- 5 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 6 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- 7 To monitor the effective development and operation of risk management in the council.
- 8 To monitor progress in addressing risk-related issues reported to the committee.
- 9 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 10 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- 11 To monitor the counter-fraud strategy, actions and resources.
- 12 To review the governance and assurance arrangements for significant partnerships or collaborations.
- 13 To consider staffing restructures and changes to the establishment.
- 14 To receive reports from the officers on strategic employment matters & policies.

Internal audit

- 17 To approve the internal audit charter.

- 18 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- 19 To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 20 To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 21 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 22 To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
 - b) regular reports on the results of the QAIP
 - c) reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
- 23 To consider the head of internal audit's annual report:
 - a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
 - b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.
- 24 To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 25 To consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations.

External audit

- 26 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
- 27 To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 28 To consider specific reports as agreed with the external auditor.
- 29 To comment on the scope and depth of external audit work and to ensure it gives value for money.

Financial reporting

- 30 To review the annual statement of accounts.
- 31 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

- 32 To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk

management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

- 33 To report to full council on an annual basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

Membership

- 34 There shall be a maximum of 11 members of the Council on the Audit and Employment Committee with seats allocated to political groups in proportion to the number of seats held by each group on the Council as a whole. Up to three members from Cabinet and three members of the Overview and Scrutiny Panel may be members. A Cabinet member may not be Chairman.

Co-optees

- 35 The Committee shall be entitled to appoint up to 3 people at any one time as non-voting co-optees. The Committee shall determine whether the co-options shall be effective for a specified period, for specific meetings or for specific items.

Meetings

- 36 There shall be no more than 5 ordinary calendar meetings of the Committee and, whilst they are in force, the Virtual Meetings Procedure Rules will apply. In addition, extraordinary meetings may be called from time to time as and when appropriate.
- 37 The Committee meeting may be called by the Chairman of the Committee, by any three members of the Committee, by the Chief Executive or by the Section 151 officer.

Quorum

- 38 The quorum for the Audit and Risk Management Committee shall be as set out for committees, in the Council Procedures Rules at Part 4 of the Constitution.
- 39 The Chairman and Vice-Chairman of the Audit and Risk Management Committee will be drawn from among the Councillors sitting on the panel and subject to this requirement and that of 34 above, the panel may appoint such persons as it considers appropriate as Chairman and Vice-Chairman. A member of Cabinet may not be Chairman.

Work programme

- 40 The Audit and Risk Management Committee will be responsible for setting its own work programme and in doing so shall take into account the wishes of all members on the panel irrespective of political affiliation in line with its terms of reference.

Agenda items

- 41 Any member of the Audit and Risk Management Committee shall be entitled to give notice to the Chief Executive that he/she wishes an item relevant to the functions of the Committee to be included on the agenda for the next available meeting of the Committee. On receipt of such a request the Chief Executive will ensure that it is included on the next available agenda.
- 42 Any five members of the Council who are not members of the Audit and Risk Management may give written notice to the Chief Executive that they wish an item relevant to the functions of the Committee to be included on the agenda.

Appendix B – Political Proportionality

Staff Committee and Corporate Governance Committee deleted and replaced with Audit and Risk Management Committee

Appendix A - Allocation of Seats on Committees & Panels

Committee	Membership	Political Apportionment
Overview and Scrutiny	<p>Up to 12 members of the Council (none of which may be part of the Cabinet)</p> <p>6 substitute members</p> <p>Appointment: Chairman Vice Chairman</p>	<p>8 to Conservative Group 4 to The Fenland Independents Alliance (including 2 Liberal Democrats and 1 Member of The Green Party)</p> <p>Substitute members 4 to Conservative Group 2 to The Fenland Independents Alliance (including 2 Liberal Democrats and 1 Member of The Green Party)</p> <p>To the Conservative Group To the Conservative Group</p>
Planning Committee	<p>Up to 12 members of the Council. No more than three of which can be members of the Cabinet.</p> <p>Each political group can appoint up to 4 substitute members (8 substitute members)</p> <p>Appointment: Chairman Vice Chairman</p>	<p>8 to Conservative Group 4 to The Fenland Independents Alliance (including 2 Liberal Democrats and 1 Member of The Green Party)</p> <p>4 substitute members from each political group</p> <p>To the Conservative Group To the Conservative Group</p>

<p>Licensing Committee (Licensing Act 2003)</p>	<p>Up to 12 members of the Council.</p> <p>The same Members are to be appointed for the Licensing Act 2003 Committee and the Non Licensing Act 2003 Committee.</p> <p>6 substitute members</p> <p>Appointment: Chairman Vice Chairman</p>	<p>8 to the Conservative Group 4 to The Fenland Independents Alliance (including 2 Liberal Democrats and 1 Member of The Green Party)</p> <p>Substitute members 4 to Conservative Group 2 to The Fenland Independents Alliance (including 2 Liberal Democrats and 1 Member of The Green Party)</p> <p>To the Conservative Group To the Conservative Group</p>
<p>Conduct Committee</p>	<p>Up to 5 Members of the Council</p> <p>3 substitute members</p> <p>Appointment: Chairman Vice Chairman</p> <p>The Committee may also appoint itself up to two members of Town or Parish Councils to assist its work.</p>	<p>3 to Conservative Group 2 to The Fenland Independents Alliance (including 2 Liberal Democrats and 1 Member of The Green Party)</p> <p>Substitute members 2 to Conservative Group 1 to The Fenland Independents Alliance (including 2 Liberal Democrats and 1 Member of The Green Party)</p> <p>To the Conservative Group To the Conservative Group</p> <p>Currently: Councillor Andrew Donnelly Councillor John Maxwell</p>

	<p>Independent Person:</p> <p>Deputy Independent Person:</p>	<p>Stuart Webster</p> <p>Claire Hawden-Beal</p>
<p>Appointments Panel</p>	<p>Up to 7 members and not less than 3 nominated by the Leader to reflect political proportionality</p> <p>3 substitute members</p> <p>Appointment: Chairman Vice Chairman</p>	<p>5 to the Conservative Group</p> <p>2 to The Fenland Independents Alliance (including 2 Liberal Democrats and 1 Member of The Green Party)</p> <p>Substitute members</p> <p>2 to Conservative Group</p> <p>1 to The Fenland Independents Alliance (including 2 Liberal Democrats and 1 Member of The Green Party)</p> <p>To the Conservative Group</p> <p>To the Conservative Group</p>
<p><u>Audit and Risk Management Committee</u></p>	<p><u>Up to 11 members of the Council to be formed from:</u></p> <p><u>Up to 3 members of Cabinet not including the portfolio holder responsible for finance</u></p> <p><u>Up to 3 members drawn from the Overview and Scrutiny panel</u></p> <p><u>5 Backbench members</u></p> <p><u>6 substitute members</u></p> <p><u>Appointment: Chairman</u> <u> Vice Chairman</u></p> <p><u>The Chairman may not be a member of Cabinet</u></p>	<p><u>7 to the Conservative Group</u></p> <p><u>4 to The Fenland Independents Alliance (including 2 Liberal Democrats and 1 Member of The Green Party)</u></p> <p><u>Substitute members</u></p> <p><u>4 to Conservative Group</u></p> <p><u>2 to The Fenland Independents Alliance (including 2 Liberal Democrats and 1 Member of The Green Party)</u></p> <p><u>To the Conservative Group</u></p> <p><u>To the Conservative Group</u></p>

Appendix C – Committee Membership

- **APPOINTMENTS TO MEMBERSHIP OF OVERVIEW AND SCRUTINY**
 - **PANEL & COMMITTEES FOR 2020/21**

<u>Cabinet (10)</u>	
Councillor Ian Benney	Councillor Mrs Dee Laws
Councillor Chris Boden (C)	Councillor Peter Murphy
Councillor Sam Clark	Councillor Chris Seaton
Councillor Mrs Jan French (VC)	Councillor Steve Tierney
Councillor Miss Sam Hoy	Councillor Susan Wallwork
<u>Overview and Scrutiny Panel (12)</u>	
Councillor Gavin Booth	Councillor Alex Miscandlon (VC)
Councillor David Connor	Councillor Mark Purser
Councillor Mike Cornwell	Councillor Robert Skoulding
Councillor Steve Count	Councillor David Topgood
Councillor Michael Humphrey	Councillor Bob Wicks
Councillor David Mason (C)	Councillor Fred Yeulett
Substitutes: Cllr Mrs Sarah Bligh, Cllr Andy Maul Cllr Maureen Davis, Cllr Mrs Kay Mayor + 2 vacancies	
<u>Planning Committee (12)</u>	
Councillor Ian Benney	Councillor Charlie Marks
Councillor David Connor (C)	Councillor Mrs Kay Mayor
Councillor Mike Cornwell	Councillor Nick Meekins
Councillor Mrs Maureen Davis	Councillor Peter Murphy
Councillor Mrs Jan French	Councillor Will Sutton
Councillor Andrew Lynn (VC)	Councillor Robert Skoulding
Substitutes: Cllr Sarah Bligh, Cllr Gavin Booth, Cllr David Patrick, Cllr Michelle Tanfield Cllr Humphrey, Cllr Miscandlon, Cllr Billy Rackley + 1 vacancy	
<u>Licensing Committee (12)</u>	
Councillor David Connor	Councillor Nick Meekins
Councillor Miss Sam Hoy	Councillor Billy Rackley
Councillor Michael Humphrey (C)	Councillor Robert Skoulding (VC)
Councillor Andrew Lynn	Councillor Michelle Tanfield
Councillor Mrs Kay Mayor	Councillor David Topgood
Councillor Andy Maul	Councillor Simon Wilkes
Substitutes: Cllr David Patrick, Cllr Charlie Marks Cllr Ian Benney, Cllr Alex Miscandlon, Cllr Peter Murphy + 1 vacancy	

<u>Audit and Risk Management Committee (11)</u>	
Substitutes:	
<u>Conduct Committee (5)</u>	
Councillor Mike Cornwell	Councillor David Topgood (C)
Councillor David Patrick	Councillor Mrs Susan Wallwork (VC)
Councillor Mark Purser	
Substitutes: Cllr Andy Maul Cllr Sam Hoy, Cllr David Connor	
Independent People Independent Person: Stuart Webster Deputy Independent Person: Claire Hawden-Beal	Town/Parish Reps Councillor Andrew Donnelly Vacancy
<u>Appointments Panel (7)</u>	
Councillor Chris Boden	Councillor Will Sutton
Councillor Steve Count	Councillor Steve Tierney
Councillor Mrs Jan French	Councillor Fred Yeulett
Councillor Robert Skoulding	
Substitutes: Cllr Mike Cornwell, Cllr Kim French	
<u>Investment Board (3)</u>	
Councillor Ian Benney	Councillor Steve Tierney
Councillor Chris Boden	
Substitutes: Cllr Sam Hoy, Cllr Chris Seaton	