

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Governance & Constitution Committee**
held on Thursday, 27th May, 2010 at The Capesthorne Room - Town Hall,
Macclesfield SK10 1DX

PRESENT

Councillor J P Findlow (Chairman)
Councillor D Brickhill (Vice-Chairman)

Councillors C Beard, D Cannon, R Cartlidge, S Jones, W Livesley, A Moran,
R West, P Whiteley, J Wray, M Davies (for Cllr Asquith) and L Smetham (for
Cllr Topping)

Apologies

Councillors M Asquith, R Parker and D Topping

Officers

Brian Reed, Democratic Services Manager
Vivienne Quayle, Head and Policy and Performance
Paul Mountford, Legal and Democratic Services
Diane Moulson, Legal and Democratic Services
Mark Nedderman, Legal and Democratic Services
Joanne Wilcox, Corporate Finance
Kate Khan, Solicitor

1 DECLARATIONS OF INTEREST

No interests were declared.

2 PUBLIC SPEAKING TIME/OPEN SESSION

There were no members of the public wishing to speak or ask a question.

3 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 25th March 2010 be approved as
a correct record.

4 ANNUAL AUDIT AND INSPECTION FEES 2010/11

The Committee considered a report on the Audit Commission's Annual
Audit and Inspection fees for 2010/11.

The Audit fee letter, which was attached as Appendix A to the report, set out the audit work to be undertaken during the year in relation to the financial statements, the Use of Resources assessment and Value for Money conclusion and certification of grant claims and returns. The Inspection fee letter, which was attached as Appendix B to the report, set out the assessment and inspection work to be undertaken in accordance with the Comprehensive Area Assessment (CAA) framework.

Andrea Castling from the Audit Commission attended the meeting to present the proposals and answer questions.

The total indicative fee for the audit for 2010/11 was £397,500 (exclusive of VAT). This was based on the Audit Commission's national fee rate with an uplift of 9% to reflect the inherent audit risk in the Council's second year of operation. The increase in fee for the financial statement elements of the audit reflected the costs of additional audit work arising from the International Financial Reporting Standards (IFRS).

The quoted audit fee for 2010/11 exceeded the budget provision by £67,111. The total inspection fee for 2010/11 of £52,225 exceeded the budget provision by £35,725. Both overspends would be met from Council balances.

Members discussed with Andrea Castling the basis for this year's fees, the prospects for the future and how the Council compared with similar authorities.

RESOLVED

That

- (1) the Audit Commission's letter on the Annual Audit Fee for 2010/11 be received (Appendix A);
- (2) the Audit Commission's letter on the Annual Inspection Fee for 2010/11 be received (Appendix B); and
- (3) the proposed work programme, indicative fees and associated budgetary implications be noted.

5 INTERNAL AUDIT PLAN 2010/11

The Committee considered a report on the Internal Audit Plan for 2010/11.

The Head of Internal Audit had prepared a risk-based audit plan (Appendix A to the report) which had been submitted to the Governance and Constitution Committee for approval. The plan covered the five key themes agreed at the previous meeting:

Work to support corporate governance
Fundamental financial systems
Key departmental systems
Anti-fraud and corruption
Strategic review

The Head of Internal Audit reported that the budget for the internal audit function currently provided for sufficient staffing levels to fulfil the function. A number of key vacancies in the section would be filled by July. This should resolve some of the skills gaps identified previously and mean that there was adequate resource to complete an effective audit work plan.

There were a number of areas of training required to assist the continuous development of staff. These were being identified through the performance review process and the work force plan. All internal audit staff had received training in risk-based auditing and lean thinking.

RESOLVED

That the approach to internal audit planning and the content of the internal audit plan be endorsed.

6 MEMBER DEVELOPMENT: CHAIRMAN'S END OF YEAR REPORT

The Committee considered a report summarising member training and development events held in 2009/10 and outlining planned activities for 2010/11.

The Member Development Panel had been appointed in January 2009 to identify priorities for member learning and development; discuss and agree procedures for its delivery; review the effectiveness of the Member Development Programme and the Member Development Strategy; and act as a conduit for the exchange of information from and to political groups and the Portfolio Holder for Resources.

The Panel, chaired by Councillor Wesley Fitzgerald, had met on a regular basis to discuss matters associated with Member learning and development and had developed the framework under which Member training was delivered. Notable successes had included development of the Member Development Strategy; contributing to the Council's successful application for accreditation under Level One of the North West Charter on Elected Member Development; and working in partnership with Officers/external bodies to deliver a comprehensive Development Programme to meet the needs of the Council's elected Members.

Appendix 1 to the report provided a summary of the subjects offered to Members during 2009/2010 and the attendance levels recorded for each event.

Work was now underway on putting together the Member Development Programme for 2010/2011. Appendix 2 to the report set out the three elements which would make up the Programme: (1) Topics already confirmed and entered into the training diary; (2) Core subjects relating to the Council's governance role; and (3) Proposed topics suggested by the Panel, based on Members' needs.

Other activities planned for the coming year included:

- Evaluation of Training
- North-West Charter on Elected Member Development - Level Two exemplar status
- Personal Development Plan Interviews
- Induction for new Members following the May 2011 elections

Members commented that the proposed list of topics in Part 3 of Appendix 2 should be expanded to include appropriate scrutiny training. They asked that dates for the courses be identified and communicated to Members as soon as possible.

RESOLVED

That

- (1) the report be noted;
- (2) the proposed topics listed in Part 3 of Appendix 2 be approved, subject to the addition of scrutiny training, and dates for the courses be identified and communicated to Members as soon as possible; and
- (3) the Member Development Officer be highly commended for her work on Member training and development over the last year.

7 STATUTORY SCRUTINY OFFICER

The Committee considered a report on the appointment of a Statutory Scrutiny Officer.

Section 31 of the Local Democracy, Economic Development and Construction Act 2009 required all authorities in England to designate a Scrutiny Officer, with the exception of district councils in two-tier areas. The functions of this role were to:

1. Promote the role of the authority's Overview and Scrutiny Committee or Committees.
2. Support the authority's Overview and Scrutiny Committee or Committees and the Members of those committees.
3. Provide support and guidance to:
 - Members of the authority
 - Members of the executive of the authority, and

- Officers of the authority
in relation to the functions of the authority's Overview and Scrutiny Committee or Committees.

An Officer designated by a local authority under this section was to be known as the authority's 'Scrutiny Officer'.

A local authority may not designate any of the following under this section:

1. The head of the authority's paid service designated under section 4 of the Local Government and Housing Act 1989;
2. The authority's Monitoring Officer designated under section 5 of that Act;
3. The authority's Chief Finance Officer, within the meaning of that section.

The Corporate Scrutiny Committee had considered the matter on 19th April 2010 and had concluded that the Democratic Services Manager would be the most appropriate appointment within the Council.

RESOLVED

That Council be recommended to agree that the Democratic Services Manager be appointed as the Statutory Scrutiny Officer.

8 COMMITTEE PROCEDURE RULES - RECORDED VOTES

The Committee considered an amendment to the Constitution to include a provision relating to recorded votes at committee and sub-committee meetings.

Paragraph 31 of the Committee Procedure Rules dealt with voting arrangements at committee and sub-committee meetings and currently read as follows:

"31 Voting

31.1 Voting at Committee and Sub-Committee meetings will be by a show of hands.

31.3 A recorded vote will not be taken if the vote has already begun to be taken by a show of hands."

In order to complete these provisions, it was necessary to include a paragraph on the requirements for taking recorded votes.

RESOLVED

That Council be recommended to approve the adoption of the following provision and its incorporation into the Council's Committee Procedure Rules:

“At committees, sub-committees or special committees, when a Member stands in his/her place and asks for a recorded vote to be taken, and one other Member stands in his/her place to support the request, the vote will be recorded to show whether each Member present voted for or against the motion or abstained.”

9 PROPOSED CHANGES TO THE COUNCIL'S COMMITTEE STRUCTURE

Members considered a report proposing the creation of two new committees in place of the existing Governance and Constitution Committee.

In a climate of increasing need for strong governance arrangements, transparency and clear lines of responsibility, it was considered good practice to have a separate committee which incorporated the requirements of good corporate governance which had an independent assurance function separate from any other responsibilities. The Code of Practice for Internal Audit in local government (CIPFA 2003) required that “the authority have an independent Audit Committee”.

CIPFA recommend a statement of purpose for the Committee:

“the purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority’s financial and non-financial performance to the extent that it affects the authority’s exposure to risk and weakens the control environment, and to oversee the financial reporting process.”

CIPFA guidance also stipulated that:

“To be effective, the audit committee needs to be independent from executive and scrutiny.”

It was therefore proposed that the “audit-related” functions and powers of the Governance and Constitution Committee, appropriately modified in line with current thinking, should be transferred to a new ‘Audit and Governance Committee’. The existing Governance and Constitution Committee would retain the remaining functions and undertake these under the new title: the ‘Constitution Committee’. Subject to any changes agreed by its Chairman, the latter Committee would retain its existing programme of meetings and its membership would be the same as that of the existing Governance and Constitution Committee.

Appendices B and C to the report set out the powers and functions of the proposed Audit & Governance Committee, and the Constitution Committee, respectively.

The report proposed that the Audit and Governance Committee would have 9 members. According to the existing political proportionality of the Council, this would normally result in a 7:1:1:0 political balance on the Committee. However, this allocation would mean that the entitlement to seats across the Council would no longer be in proportion. This would have been rectified by changing the allocation of seats on the new committee to 7:2:0:0, and this allocation was therefore proposed in the report.

However, the Labour Group had chosen to forego a seat on the Lay Member Appointments Committee in order to secure representation on the new Committee. This would result in an allocation of seats on the new Committee of 7:2:1:0.

In considering the proposed terms of reference for the Audit and Governance Committee as set out in Appendix B of the report, Members agreed that paragraph 4 should be amended to read as follows:

“4. ensuring the Council has in place appropriate policies and mechanisms to safeguard the Council’s resources **and test value for money**,”

RESOLVED

Council be recommended to agree that

- (1) a new Audit and Governance Committee be established, with the powers and functions set out in Appendix B of the report (together with the expanded responsibility at paragraph 4 as recommended by the Governance and Constitution Committee), and with an allocation of seats to the political groups of 7:2:1:0 (Conservative: Liberal Democrat: Labour: Independent), this being achieved by the deletion of the Labour Group’s seat on the Lay Member Appointments Committee;
- (2) the Leaders of the Political Groups, as appropriate, notify the Borough Solicitor of their nominations to the Audit and Governance Committee;
- (3) a Constitution Committee be established to replace the existing Governance and Constitution Committee, with the powers and functions set out in Appendix C of the report, and with the same allocation of seats to the political groups as the existing Governance and Constitution Committee;
- (4) the Constitution Committee shall retain the membership and current schedule of meetings of the existing Governance and Constitution Committee as agreed by Council, subject to any changes of meeting dates agreed by the Chairman;
- (5) the Chairman and Vice-Chairman of the Audit and Governance Committee be elected by the Committee at its first meeting, which shall

be arranged to take place on a date to be agreed by the Democratic Services Manager in consultation with the Leaders of the Political Groups;

- (6) the political group representation in respect of the Council's ordinary committees, as agreed by Council at its annual meeting, be amended in accordance with these proposals, resulting in a new proportional entitlement of seats as follows:

New Proportional Entitlement	131 (72.8%)	27 (14.8%)	13 (7.4%)	9 (5%)
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- (7) the Borough Solicitor be authorised to make such changes to the Constitution as he considers necessary to give effect to the wishes of Council.

The meeting commenced at 2.00 pm and concluded at 3.15 pm

Councillor J P Findlow (Chairman)