

# **Governance & Constitution Committee**

## **Agenda**

---

**Date:** Thursday, 27th May, 2010

**Time:** 2.00 pm

**Venue:** The Capesthorne Room - Town Hall, Macclesfield SK10 1DX

---

The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

### **PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT**

1. **Apologies for Absence**

2. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any personal and/or prejudicial interests in any item on the agenda

3. **Public Speaking Time/Open Session**

In accordance with Procedure Rules Nos.11 and 35 a period of 10 minutes is allocated for members of the public to address the meeting on any matter relevant to the work of the meeting. Individual members of the public may speak for up to 5 minutes but the Chairman will decide how the period of time allocated for public speaking will be apportioned where there are a number of speakers. Members of the public are not required to give notice to use this facility. However, as a matter of courtesy, a period of 24 hours' notice is encouraged.

Members of the public wishing to ask a question at the meeting should provide three clear working days' notice, in writing, in order for an informed answer to be given.

4. **Minutes of Previous meeting** (Pages 1 - 8)

To approve the minutes of the meeting held on 25<sup>th</sup> March 2010.

5. **Annual Audit and Inspection Fees 2010/11** (Pages 9 - 18)

To consider a report presenting the Audit Commission's Annual Audit and Inspection fees for 2010/11.

6. **Internal Audit Plan 2010/11** (Pages 19 - 26)

To receive and comment upon the Internal Audit Plan for 2010/11.

7. **Member Development: Chairman's End of Year Report** (Pages 27 - 34)

To consider a report summarising member training and development events held during 2009/2010 and outlining planned activities for 2010/2011.

8. **Statutory Scrutiny Officer** (Pages 35 - 38)

To consider the appointment of the Authority's Statutory Scrutiny Officer.

9. **Committee Procedure Rules - Recorded Votes** (Pages 39 - 42)

To consider an amendment to the Constitution to include a provision relating to recorded votes at committee and sub-committee meetings.

10. **Proposed Changes to the Council's Committee Structure** (Pages 43 - 60)

To consider proposals for the reallocation of committee responsibilities and the creation of two new committees in place of the existing Governance and Constitution Committee.

**(There are no Part 2 items)**

**CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Governance & Constitution Committee**  
held on Thursday, 25th March, 2010 at Committee Suite 1,2 & 3, Westfields,  
Middlewich Road, Sandbach CW11 1HZ

**PRESENT**

Councillor H Davenport (Chairman)  
Councillor A Kolker (Vice-Chairman)

Councillors M Asquith, D Cannon, R Cartlidge, S Jones, W Livesley, G Merry,  
A Moran, D Topping, R West, P Whiteley, R Westwood (for Cllr Parker) and  
J Wray (for Cllr Menlove)

**Apologies**

Councillors R Parker and R Menlove

**Officers**

Brian Reed, Democratic Services Manager  
Andrew Leadbetter, Legal Services Manager  
Vivienne Quayle, Internal Audit Manager  
Paul Mountford, Legal and Democratic Services  
Joanne Wilcox, Corporate Finance  
Diane Moulson, Legal and Democratic Services

174 **DECLARATIONS OF INTEREST**

Councillors D Cannon, H Davenport and G Merry declared personal  
interests in Item 5 (Appointments to Outside Organisations) as Members  
appointed by the Council to one or more outside organisations.

175 **PUBLIC SPEAKING TIME/OPEN SESSION**

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

176 **MINUTES OF PREVIOUS MEETING****RESOLVED**

That the minutes of the meeting held on 19<sup>th</sup> February 2010 be approved  
as a correct record.

177 **APPOINTMENTS TO OUTSIDE ORGANISATIONS**

The Committee considered a report outlining the work undertaken on  
appointments to outside bodies in the current municipal year. The report

sought approval for three specific appointments as well as for monitoring forms intended to establish the appropriateness and effectiveness of representation on outside organisations. The report also outlined progress on the production of guidance for Members appointed to outside organisations.

In considering the report, Members made the following comments:

- That appropriate training should be provided for Members once the Member guidance on outside organisations had been produced.
- That after an appropriate period following the notification of Member appointments to outside organisations, those organisations which had not contacted Members appointed to them should be contacted by Democratic Services.
- A list of Officers appointed to outside bodies be produced (this had been requested by the Task Group on Outside Organisations for its next meeting).
- The monitoring form to be completed by Members should also apply to Officers appointed to outside bodies and the form should be amended accordingly.
- Consideration be given to whether the monitoring form could be modified to enable Members to give a reason for not attending a meeting of an outside organisation.

Members also sought advice regarding those situations in which there could be a conflict of interest between the Council and the body to which they had been appointed. They were advised that the new guidance would offer general advice on this and that in particular cases, Members should seek advice from Legal and Democratic Services.

### **RESOLVED**

That

- (1) Sandbach Park Steering Group be added to the list of approved outside organisations and Councillor Gillian Merry be appointed as the local Ward Member;
- (2) Transport Futures be added to the list of approved outside organisations and Councillor H Davenport be appointed;
- (3) Councillor D J Cannon be appointed to the Mid-Cheshire NHS Foundation Trust (Leighton Hospital) to fill the casual vacancy caused by Councillor E Howell's resignation from the organisation;
- (4) the forms attached to the report (Appendices A and B) be adopted as a means of monitoring the effectiveness and appropriateness of representation, subject to the forms being amended as appropriate to reflect the comments of Members;

- (5) the progress on the draft Guidance for Members Appointed to Outside Organisations (Appendix C) be noted and appropriate training be provided for Members once the Guidance has been published and brought into use; and
- (6) the activities of the Task Group on Outside Organisations during 2009-2010 be noted.

178      **INDEPENDENT REMUNERATION PANEL: MID YEAR REVIEW  
OF MEMBERS' ALLOWANCES SCHEME**

The Committee considered the recommendations of the Independent Remuneration Panel in respect of the Cheshire East Council Scheme of Members' Allowances 2009/10 following a mid-year review held on 8<sup>th</sup> January 2010.

The Panel had proposed a number of amendments to the current Scheme, as well as the adoption of a draft Guide to Members' Allowances.

One of the Panel's recommendations was that Members' allowances be not increased with effect from 1<sup>st</sup> April 2010 but that the position be reviewed following agreement of the Local Government Employers pay award to Local Government employees for 2010/2011.

Members commented on the Panel's recommendation not to increase allowances from 1<sup>st</sup> April, and upon the rising costs incurred by Members and their increasing workloads. They asked that the Panel be invited to conduct a survey of Cheshire East Members with a view to gaining a fuller understanding of their work and responsibilities, and the costs incurred by them in performing their duties, so as to enable the Panel to make an informed judgement on Member allowances.

**RESOLVED**

That Council be recommended that

- (1) (a) save as below, no increase be applied to the 2009/2010 rates fixed by the Cheshire East Council Scheme of Members' Allowances for 2010/2011 with effect from 1 April 2010;
- (b) the position be reviewed following agreement of the Local Government Employers pay award to Local Government employees for 2010/2011;
- (c) the following statements be incorporated into the Scheme:
  - (i) the rate applicable to Subsistence claims made in respect of attendance at the Local Government Association (LGA) Annual Conference to be the rate applied to London and abroad, irrespective of where in the UK the event is held;

- (ii) where elected Members are billed directly for a broadband/telephone line used or partly used for the purpose of carrying out Council duties, the associated line rental cost be reclaimable from the Members' Allowances Scheme on submission of a bill;
  - (iii) where a Member is acting in an official capacity at an event as the Council's representative, travel allowance will be paid. Travel and subsistence allowance may also be claimed where a Member is contributing to the business of a meeting in any of the following capacities:
    - as a member of the body
    - as a substitute for a member of the body
    - as a local ward member in attendance for an agenda item
    - having registered to speak
    - being required to give evidence
    - being expected to attend, eg Cabinet Members attending scrutiny meetings, Group Whips attending Governance and Constitution Committee Briefings, scrutiny chairmen and spokesmen attending Cabinet and Portfolio Holder meetings.
  - (iv) the right to Basic Allowance, Special Responsibility Allowance and Travel and Subsistence Allowance may be withdrawn by the Council while a Councillor is suspended or partially suspended from his/her responsibilities or duties as a member of the Council as a result of a breach of the Members' Code of Conduct in accordance with Part III of the Local Government Act 2000 or Regulations made under that Part;
- (d) the Scheme of Member Allowances as amended be adopted;
- (2) subject to (1) above, the Guide to Members' Allowances 2010/2011 be approved and adopted with effect from 1 April 2010; and
- (3) the Independent Remuneration Panel be invited to conduct a survey of the work of Cheshire East Members to help inform the Panel's future recommendations on Member allowances.

179      **IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

The Committee received a report on the project plan for implementing International Financial Reporting Standards (IFRS).

The first set of IFRS accounts would be the 2010-11 Statement of Accounts, which would be produced in June 2011. As part of the account,

the Council would need to include comparative information for 2009-10 meaning that the effective date of transition was at 1 April 2009 and the 2009-10 accounts would need to be restated in IFRS format. The timetable for implementing IFRS was as follows:

Stage 1 – Restate April 2009 balance sheet to IFRS

Stage 2 – Restate 2009/10 UK GAAP accounts to IFRS – by 31 Dec 2010

Stage 3 – Closedown 2010/11 on IFRS basis – 30 June 2011.

The Audit Commission had recently completed a survey on the readiness of local authorities for the transition to IFRS. Their report 'Countdown to IFRS – Implementation in local government' was circulated at the meeting and stated that local authorities needed to make urgent progress to ensure that the 2010/11 accounts would be reported on time and would meet the required standards. Andrea Castling of the Audit Commission was present at the Committee's meeting and, at the invitation of the Chairman, spoke briefly about the Audit Commission's report.

Officers also reported that the former Cheshire County Council balance sheet had now been disaggregated and merged with the former Districts balance sheets.

The transition work was now gathering pace and the Council was on target to meet the deadline of June 2011.

## **RESOLVED**

That the updated project plan as attached as Appendix A to the report be approved.

## **180 UPDATE ON COMPREHENSIVE AREA ASSESSMENT (USE OF RESOURCES)**

The Committee considered a report on the Comprehensive Area Assessment for Cheshire East Council. The report summarised the findings of the area assessment and organisational assessments published by the Audit Commission in December 2009, and gave an update on the work being undertaken on the "Use of Resources" assessment.

Comprehensive Area Assessment (CAA) was a new way of assessing local public services in England. It examined how well councils were working together with other public bodies to meet the needs of the people they served. The assessment was a joint assessment made by a group of six independent watchdogs.

The Use of Resources aspect of the CAA was broken down into three areas:

Managing finances  
Governing the business  
Managing resources

Key Lines of Enquiry (KLOEs) provided individual scores towards the summary score for each of the three areas and towards the overall score for Use of Resources. The possible scores were:

Performs poorly (1)  
Performs adequately (2)  
Performs well (3)  
Performs excellently (4)

Cheshire East was unlikely to score an overall level 3 for 2009/10 as many of the KLOEs related to embedding processes and demonstrating measured outcomes from plans already in place. In particular, as reported at a previous meeting, there were concerns about the Council's current procurement and asset management processes which needed to be addressed.

There were two particular lines of enquiry that had very specific links to the Committee's work:

- Did the organisation promote and demonstrate the principles and values of good governance? (KLOE 2.3)
- Did the organisation manage its risks and maintain a sound system of internal control? (KLOE 2.4)

## **RESOLVED**

That

- (1) the findings and the monitoring mechanisms used to ensure timely action in relation to CAA reports by the Audit Commission be noted; and
- (2) the link between the Governance and Constitution Committee and the Use of Resources assessment Key Lines of Enquiry (KLOEs 2.3 and 2.4) and links to the strategic risk register be noted.

## **181 UPDATE REPORT - ANNUAL GOVERNANCE STATEMENT AND PLAN FOR 2010/11**

The Committee considered a progress report on the work being undertaken to produce the Annual Governance Statement (AGS) and to outline the audit planning process for 2010/11.



The process and analysis required to produce the statement could be summarised as follows:

- Assessment against the Code of Corporate Governance
- Assessment of governance arrangements for significant partnerships
- Assessment of the effectiveness of mitigating actions for approved strategic risks
- Assessment of the effectiveness of the “Audit” Committee (in Cheshire East this is the Governance and Constitution Committee)
- Head of Internal Audit opinion report (due in June 2010)
- Disclosure statement by each Head of Service (due in May 2010)
- Other judgements concluded by the Corporate Governance group based on in-year work and review

These processes were all on target for completion by the due date as approved at the last meeting.

The Corporate Governance Officers Group would meet to review the submissions at each stage and recommend the Annual Governance statement wording to the Governance and Constitution Committee at its June meeting (in conjunction with the approval of the draft statutory accounts). Any significant issues arising would be highlighted at the May 2010 meeting.

Based on the findings arising and the content of the Annual Governance Statement, an action plan would be drawn up to make improvements during 2010/11 and the emerging findings will also be used to influence the audit planning process and specific assignments undertaken. It was clear that an area for improvement would be the formalising of governance arrangements with some key partners.

A further update report would be submitted to the Committee’s meeting in May.

In considering the matter, Members expressed the view that the Committee, in its governance/audit role, would wish to review key aspects of the Council’s systems and processes, such as procurement and contract management, and in doing so would envisage inviting relevant Officers to attend future meetings. Officers advised that whilst it was important not to duplicate the role of scrutiny committees, which were conducting similar investigations, the Council’s key ‘controls’ were a legitimate area of concern for the Governance and Constitution Committee and this would be included in the Audit Plan.

## **RESOLVED**

That

- (1) the progress towards completion of the Annual Governance Statement be noted; and

- (2) the approach with regard to the Internal Audit plan be noted and endorsed.

The meeting commenced at 2.00 pm and concluded at 4.23 pm

Councillor H Davenport (Chairman)

## **CHESHIRE EAST COUNCIL**

### **Governance and Constitution Committee**

---

**Date of Meeting:** 27<sup>th</sup> May 2010  
**Report of:** Borough Treasurer and Head of Assets  
**Subject/Title:** Annual Audit and Inspection Fees 2010/11

---

#### **1.0 Report Summary**

- 1.1 This report presents the Audit Commission's Annual Audit and Inspection fees for 2010/11. The Annual Audit letter which is attached at Appendix A sets out the proposed audit work for 2010/11 and the associated fee, the Annual Inspection letter which is attached at Appendix B sets out the proposed assessment and inspection work for 2010/11 and the associated fee.
- 1.2 Representatives from the Audit Commission will attend the meeting to present their proposals and answer questions.

#### **2.0 Recommendation**

- 2.1 It is recommended that the Committee
- (1) receive the Audit Commission's letter on the Annual Audit Fee for 2010/11 (Appendix A);
  - (2) receive the Audit Commission's letter on the Annual Inspection Fee for 2010/11 (Appendix B); and
  - (3) note the proposed work programme, indicative fees and associated budgetary implications.
- 2.2 In considering the letters, members should make reference to the Audit Commission Code of Audit Practice and to the Statement of Responsibilities of Auditors.

#### **3.0 Reasons for Recommendations**

- 3.1 The Audit fee letters are required to be presented and received by those members charged with Governance.

#### **4.0 Wards Affected**

- 4.1 Not applicable.

**5.0 Local Ward Members**

5.1 Not applicable.

**6.0 Policy Implications including - Climate change  
- Health**

6.1 Not applicable.

**7.0 Financial Implications for Transition Costs (Authorised by the Borough Treasurer)**

7.1 Not applicable.

**8.0 Financial Implications 2009/10 and beyond (Authorised by the Borough Treasurer)**

8.1 The total indicative fee for the audit for 2010/11 is for £397,500 (exclusive of VAT). This is 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 fee for 2010/11 is 9% over midpoint compared with 15% for 2009/10.

8.2 The increase in fee for the financial statement elements of the audit reflects the costs of additional audit work arising from the International Financial Reporting Standards (IFRS). The accounts for 2010/11 will be prepared under IFRS and a project plan for the transitional arrangements has been reported to a previous meeting of this Committee. The Council will continue to work closely with the Audit Commission to keep any additional requirements to a minimum.

8.3 The base budget for audit fees is £330,389. The quoted audit fee for 2010/11 therefore exceeds the budget provision by £67,111. This overspend will be met from council balances as there is no contingency provision to cover the additional work.

8.4 The total inspection fee for 2010/11 is £52,225; this has been set in accordance with the Audit Commission's work programme and scale of fees for 2010/11. The quoted audit fee exceeds the budget provision by £35,725; this overspend will be met from Council balances.

**9.0 Legal Implications (Authorised by the Borough Solicitor)**

9.1 There is a statutory requirement for audited bodies to meet the fees specified by the Audit Commission.

## **10.0 Risk Management**

- 10.1 Regular liaison meetings between senior finance officers and the Audit Commission will continue during 2010/11 to keep the identified risks under review.

## **11.0 Background and Options**

- 11.1 The Audit fee letter is attached at Appendix A. This sets 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. Grants claim work is billed separately on a daily rate basis and does not form part of the audit fee quoted above.
- 11.2 The Inspection fee letter is attached at Appendix B. This sets out the assessment and inspection work to be undertaken in accordance with the Comprehensive Area Assessment (CAA) framework.

## **12.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

Name: Joanne Wilcox  
Designation: Corporate Finance Lead  
Tel No: (01270) 685869  
Email: [joanne.wilcox@cheshireeast.gov.uk](mailto:joanne.wilcox@cheshireeast.gov.uk)

This page is intentionally left blank



23 April 2010

Ms Lisa Quinn  
Borough Treasurer  
Cheshire East Borough Council  
Westfields  
Sandbach  
Cheshire  
CW11 1HZ

— Dear Lisa

### Annual Audit Fee 2010/11

I am writing to confirm the audit work that we propose to undertake for the 2010/11 financial year at Cheshire East Council and to set out the fee implications. The proposed work and fee reflects:

- our risk-based approach to audit planning as set out in the Code of Audit Practice;
- work mandated by the Audit Commission for 2009/10; and
- only the audit element of our work.

Val Edmonds, the Comprehensive Area Assessment Lead will write separately on assessment and inspection fees to Erika Wenzel.

The total indicative fee for the audit for 2010/11 is for £397,500 (exclusive of VAT). A summary of this is shown in the table below.

#### Audit fee

Audit area	Planned fee 2010/11	Planned fee 2009/10
Financial statements	£248,296	£236,287
Use of Resources/VFM Conclusion [including risk based work]	£149,204	£165,638
<b>Total audit fee</b>	<b>£397,500</b>	<b>£401,925</b>
Certification of claims and returns	£149,394	£131,544

Audit Commission, First Floor, Block 4, The Heath Technical & Business Park, The Heath,  
Runcorn, Cheshire, WA7 4QF  
T 0844 798 7300 F 0844 798 3551 [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

The Audit Commission has published its work programme and scales of fees 2010/11. The published fee scale for 2010/11 included a 6% increase to cover the costs of additional audit work arising from the introduction of International Reporting Standards. In July 2009, in recognition of the financial pressures that public bodies are facing in the current economic climate, the Commission confirmed that it would subsidise the 'one-off' element of the cost of transition to International Financial Reporting Standards (IFRS) for local authorities and police and fire and rescue authorities from 2010/11. You will therefore receive a refund from the Audit Commission of £4,588 in April 2010, which is sufficient to cover the increase in fee.

The scale fee for the Council is £364,300 (based on GRE of £715m). The fee proposed for 2010/11 is 9 per cent above the scale fee, which reflects the inherent audit risk in the Council's second year of operation.

The increase in fee for the financial statements element of the audit reflects the costs of additional audit work arising from the introduction of International Financial Reporting Standards. Changes in international auditing standards will increase the audit procedures I need to carry out, however the Audit Commission will absorb the cost of the additional requirements within the fee.

In setting the fee, I have assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified to 2009/10. A separate opinion plan for the audit for the financial statements will be issued in early 2011. This will detail the risks identified, planned audit procedures and any changes in fee. If I need to make any significant amendments to the audit fee during the course of this plan, I will first discuss this with you and then prepare a report outlining the reasons why the fee needs to change for discussion with the Governance & Constitution committee.

The proposed fee for grant certification work is an estimate only and will be charged at published daily rates.

My use of resources assessments will be based upon the evidence from three themes:

- Managing finances;
- Governing the business; and
- Managing resources.

The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2010/11. My work on use of resources informs my 2010/11 value for money conclusion. However, I have identified a number of significant risks in relation to my value for money conclusion. For each risk, I consider the arrangements put in place by the Council to mitigate the risk, and plan my work accordingly. My initial risk assessment for value for money audit work is shown in the table below.



<b>Risk area</b>	<b>Planned work</b>	<b>Timing of work</b>
Ethical Governance	Survey and workshops for staff and Members to assess impact of Council's arrangements for promoting and embedding ethical governance within the organisation	October 2010 – December 2010
Changing organisational culture	Workshop with Senior staff and Members to explore organisational attitudes and areas for change	December 2010 – January 2011
Shared services	Review of Council's management to shared services to support delivery of planned efficiencies and value for money	January 2011 – March 2011

I will issue a separate project specification each of these topics before beginning the work.

I will issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 1.

The above fee excludes any work requested by you that the Commission may agree to undertake using its advice and assistance powers.

The key members of the audit team are:

Audit Manager – Andrea Castling 0844 798 3557

Team Leader – Ivan Parkhill 0844 798 3552

Performance Specialist – Sarah Davies 0844 798 3561

This letter will be presented to the members of the Governance Committee in their capacity as those charged with Governance. In considering this letter they should make reference to the Audit Commission Code of Audit Practice and to the Statement of Responsibilities of Auditors and Audited Bodies. Copies will be provided to the Council and they can be found on the Commissions website using the links below:

<http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=0070AC93-EE4E-4A42-8C78-3DB722EF5A79>

and

<http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=A9F9AD95-AE7D-4755-935B-94700E020A9E>

I am committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact the Head of Operations, Terry Carter on 0844 798 7150.

Yours sincerely

Judith Tench  
*Engagement Lead*

## Appendix 1: Planned Outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Governance & Constitution committee.

Planned output	Date
Opinion Plan	January 2011
Annual Governance Report	September 2011
Auditors' report on Financial Statements and Value for Money conclusion	September 2011
Use of Resources report	September 2011
Final Accounts Memo	October 2011
Annual Audit letter	December 2011
Grants Report to those Charged with Governance	January 2012
Review of Shared Services	TBC



16 April 2010

Ms E Wenzel  
Chief Executive  
Cheshire East Council

Dear Ms Wenzel

### **Annual inspection fee 2010/11**

I am writing to confirm the assessment and inspection work that we propose to undertake for the 2010/11 financial year at Cheshire East Council. The inspection fee:

- is based on the risk-based approach to inspection planning as set out in the Comprehensive Area Assessment (CAA) framework and associated guidance; and
- reflects only the Audit Commission's inspection work, excluding any audit fees. Judith Tench will be writing to you separately on fees for audit work.

CAA will deliver a more proportionate and risk based approach to inspection, targeting only high risk services and outcomes for inspection where alternative improvement activity is not appropriate. The inspection plan will be reviewed and updated as necessary.

The total indicative fee for inspection for 2010/11 is and is shown in the table below. The inspection fee has been set in accordance with the Audit Commission's work programme and scales of fees 2010/11.

#### **Assessment and inspection work plan and fee**

Assessment / inspection activity	Planned fee for 2009/10
Area assessment of local partnership	n/a (CLG grant funded)
Managing performance theme of organisational assessment	£16,630
Strategic Housing Inspection	£35,595
Housing Benefit Inspection	n/a (DWP grant funded)
<b>Total inspection fee</b>	<b>£52,225</b>

Audit Commission, 1st Floor, Millbank Tower, Millbank, London, SW1P 4HQ  
T 0844 798 1212 F 0844 798 6187 [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

If I need to make any significant amendments to the inspection plan and fee during the course of the year, I will first discuss this with you and then confirm in writing outlining the reasons for the change, including the proposed scope for the work.

The above fee excludes any work you requested and the Commission has agreed to undertake using its advice and assistance powers.

If you have any questions regarding this letter, please contact me in the first instance. Alternatively you may wish to contact the Northern Region Head of Operations, Terry Carter.

Yours sincerely,

Valerie Edmonds  
Comprehensive Area Assessment Lead

## CHESHIRE EAST COUNCIL

### Governance and Constitution Committee

---

**Date of meeting:** 27<sup>th</sup> May 2010  
**Report of:** Head of Internal Audit and Compliance  
**Title:** Internal Audit Plan 2010/11

---

#### **1.0 Purpose of Report**

- 1.1 To receive and comment upon the Internal Audit Plan for 2010/11.

#### **2.0 Background**

- 2.1 All principal local authorities subject to the Accounts and Audit Regulations 2003 (as amended) must make provision for internal audit in accordance with the Code of Practice for Internal Audit in Local Government in the United Kingdom.
- 2.2 In order to comply with the Code, the Head of Internal Audit has prepared a risk-based audit plan (Appendix A) that is put to the Governance and Constitution Committee for approval, but not direction. The legislation and Code of Practice specifically state that those charged with governance approve the Plan but that this is not in a directing role as the Head of Internal Audit retains the independence and balance of judgement to implement the plan based on their assessment of risk and requirements.

#### **3.0 Recommendations**

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

#### **4.0 Financial Implications 2010/11 and beyond**

- 4.1 The internal audit team must be appropriately staffed and resourced to comply with statutory and best practice requirements. The budget for the internal audit function currently provides for sufficient staffing levels to fulfil this function. There are, however, a number of key vacancies in the section now that the structure is fully in place and staff appointed to roles based on their competencies. It is expected that these posts will be filled by July. This should resolve some of the skills gaps identified previously and mean that there is adequate resource to complete an effective audit work plan. The current team is highly qualified with seven fully qualified accountants/auditors and several more qualified accounting technicians.

#### **5.0 Legal Implications**

- 5.1 The requirement for an internal audit function is either explicit or implied in legislation with s151 of the Local Government Act 1972 requiring Council's to

“make arrangements for the proper administration of their financial affairs” and the Accounts and Audit Regulations 2003 (as amended) requiring a relevant body to “maintain an adequate and effective system of internal audit ...”

## **6.0 Risk Assessment**

- 6.1 Failure to prepare and approve the risk-based plan will lead to non-compliance with the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. In order to mitigate the risk, the plan has been based on the organisation’s assurance and monitoring mechanisms, including risk management arrangements.
- 6.2 The Internal Audit Section could be unable to deliver the annual audit plan due to capacity issues through, for example, failure to recruit staff, loss of key staff etc. Consequently, audit/service planning has included a risk assessment that recognises the issues and introduces various mitigation measures including:
- introducing contingencies to the plan in order that it remains flexible and reflects any changing risks or priorities
  - allocating time to ensuring that performance is managed through the Performance Development Review (PDR) process
  - utilising escalation procedures if the risk manifests itself, such as seeking resolution from the Governance & Constitution Committee

## **7.0 Training**

- 7.1 There are a number of areas of training required to assist continuous professional development of qualified staff, professionally qualify existing staff and to up skill staff as audit practices develop. Officers investigating allegations of fraud and corruption must possess good knowledge of relevant legislation such as the Fraud Act 2006, Theft Act 1968, Theft Act 1978, PACE 1984, Employment Law, DPA 1998, RIPA 2000 and the Council’s investigation procedure. These are being identified through the performance review process and the work force plan. All internal audit staff received training last year in risk-based auditing and lean thinking and this will be further developed in 2010/11

## **8.0 Reasons for Recommendations**

- 8.1 In accordance with the Code, this plan is put to the Governance and Constitution Committee for approval.

### ***For further information:***

*Portfolio Holder: Councillor David Brown*  
*Officer: Vivienne Quayle, Head of Internal Audit*  
*Tel No: 01270-685859*  
*Email: [vivienne.quayle@cheshireeast.gov.uk](mailto:vivienne.quayle@cheshireeast.gov.uk)*

### **Background Documents:**

Local Government Act 1972  
Accounts and Audit Regulations (2003 and updated 2006)  
CIPFA Internal Audit Code of Practice

**Report to Governance and Constitution Committee**  
**Internal Audit Plan 2010/11**  
**27 May 2010**

**1.0 Purpose**

- 1.1 The Accounts and Audit Regulations 2003 (as amended) state that Cheshire East Council must make provision for internal audit in accordance with the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.
- 1.2 In order to comply with the Code a risk-based audit plan for 2010/11 has been prepared, which is fixed for a period of no longer than twelve months, and is designed to implement the audit strategy.
- 1.3 In accordance with the Code this plan is put to the Governance and Constitution Committee for approval. In discharging this duty Members should consider whether the scale and breadth of activity is sufficient to allow Internal Audit to provide an independent and objective opinion to the Council on the control environment taking account of whether:
  - the level of resources in any way limits the scope of internal audit, or prejudices the ability to deliver a service consistent with the Code
  - Internal Audit is sufficiently independent of the activities it audits
  - the level of non-assurance work does not impact on the core assurance work

**2.0 The Audit Plan**

- 2.1 The outcomes of the Council's risk management, performance management and other assurance processes have been used to determine the scale and breadth of potential audit areas for 2010/11. Furthermore, the Head of Internal Audit has consulted stakeholders (Members of the Cabinet and Corporate Management Team) and a draft plan produced. The programme of work (as detailed in Appendix 1) outlines the assignments to be carried out, their respective priorities where applicable, and the estimated resources needed. The plan differentiates between assurance and other work.
- 2.2 It is anticipated that the outcomes from the Service Delivery Planning/Annual Governance Statement processes, when known, will be used to further define the programme of audit work. This approach will enable Internal Audit to focus work on the key risks facing the organisation and, consequently, provide assurance that these risks have been effectively managed.
- 2.3 The Council's response to Internal Audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Organisation's objectives. In order to achieve this, the Internal Audit Section will carry out a comprehensive range of audits comprising a mix of risk based system auditing, regularity, contract and computer audit.

- 2.4 The plan includes an annual contingency of 100 days, for additional work that may arise over the period that could not have been reasonably foreseen when compiling the plan. There is also an annual contingency of 174 days for the provision of advice to departments in response to ad hoc requests. Such work supports the formulation of Internal Audit's opinion on the Council's governance, risk management and internal control arrangements.

A summary of audit coverage (in days) for 2010/11 is shown below:

	Planned	Comments
<b>Total Available Days</b>	<b>2407</b>	Maximum Days less leave, sickness and maternity leave
Non Chargeable Days	493	Includes training, management, administration and service development
Corporate Duties	60	Representation at corporate meetings, compliance with corporate initiatives. Supporting G&C Committee.
Supporting Corporate Governance	70	Supporting AGS & UoR processes
Fundamental Financial Systems	220	In agreement with External Audit
Service Systems/Risk	850	People, Places, P&C and Cross Directorate, Partnerships and Shared Services
Counter Fraud	330	Promotion & investigations
Strategic Reviews	60	Value for Money exercises
Consultancy & Advice	174	Responding to ad hoc requests
Contingency	100	
Follow up	50	Of outstanding recommendations
<b>Total</b>	<b>2407</b>	

- 2.5 It should be noted that the plan is based on a number of assumptions regarding maternity leave and the filling of vacancies. The audit plan will, therefore be regularly reviewed and updated taking this issue into account along with the results of audit work, the risk management process, and any other factors that may affect the Council's priorities. It is anticipated that more detail relating to the programme of work re the assignments to be carried out, their respective priorities where applicable, and the estimated resources needed will be worked up when the outcomes from the Service Delivery Planning and Annual Governance Statement processes are made available. Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to the Governance and Constitution Committee.



### **3.0 Key Themes/Messages within the Internal Audit Plan**

3.1 The plan is split into five key areas as agreed at the last meeting and discussed with a number of members of the Committee. These are:

- work to support corporate governance
- fundamental financial systems
- key departmental systems
- anti- fraud and corruption
- strategic review

In addition time is planned to provide advice and guidance on a responsive basis.

3.2 It has become clear from reviewing the authority's current position that there are a number of key drivers for establishing the audit plan and programme of work and included within the detailed plan is an recognition of these drivers which include:

- considered a strategic risk
- considered a key service risk
- significant in affecting the reputation of the Council
- significant in achieving Corporate Plan priorities
- significant in achieving effective ways of working (e.g. partnerships)
- high risk of fraud or irregularity
- high risk resulting from previous findings
- significant growth area
- high financial value/risk
- issues affecting successful inspection and action points arising from inspections.

3.3 In order to articulate the audit plan to staff, auditees and interested parties the overall emphasis for the year is as follows:

- (1) completing high level risk based audits and in particular covering those areas that are considered strategic risks
- (2) having a broad coverage of establishment audits to reduce the risk of fraud and corruption and to ensure sound financial and general system management. (particularly to cover the reputational risks of the council)
- (3) to have a proactive anti-fraud aspect to the plan
- (4) to support the risks and governance arrangements in relation to partnerships and the localism agenda (a strategic risk). A new post of Principal Auditor (Shared Services and Partnerships) has been created to support this work.

### **4.0 Conclusion**

4.1 The report supports the establishment of an effective audit planning process which incorporates a high level of understanding of what the organisation wants to achieve, satisfies legal and external requirements and adds value to the organisation in covering areas essential to its reputation and effective management.



# Audit Plan 2010/11

## Appendix 1

Audit Area	Priority Areas	Outline of work to be carried out	Resources (in Days)
<b>Maximum Resources Available</b>		Based on a number of assumptions regarding the filling of vacant posts	<b>3116</b>
Annual Leave, Bank Holidays, Sickness, Medical Absence, Maternity Leave		Outside the control of Internal Audit	709
<b>Available Working Days</b>		<b>77% of maximum available days</b>	<b>2407</b>
Training, Management & Administration, Service Development		Non chargeable days to support employee development, continuous improvement in Internal Audit as well as day to day operations	493
<b>Available Chargeable Days</b>		<b>80% of available days</b>	<b>1914</b>
<b>Corporate Work</b> Attendance at meetings, external audit liaison supporting G & C Committee		Primarily non- assurance work that enables the Section to identify changing risks and priorities of the Council. Helps to determine any amendments to the plan.	60
<b>Available Audit Service Days</b>		<b>97% of chargeable days</b>	<b>1854</b>
<b>Supporting Corporate Governance</b> Annual Governance Statement, Use of Resources	AGS is a statutory requirement	Assurance work that enables Audit to advise the organisation that arrangements are in place and operating properly. Supporting the Governance Working Group and challenging assurance statements/self assessments made by management. Developing the AGS action plan	70
<b>Fundamental Financial Systems</b> Housing Benefits, NNDR, Council Tax, Budget Monitoring, Debtors, Creditors, Cash Receipting, Treasury Management	Strategic Risk areas and work that External Audit relies on.	Audit of controls and accounting records, work that the Audit Commission can place reliance on. Assurance work that enables Audit to advise the organisation that arrangements are in place and operating properly. Extent of work to be determined with External Audit.	220
<b>Key Service &amp; Departmental Systems</b>		Strategic and service risk audits (when known) focusing primarily on the risks within the Strategic Risk Register and key areas highlighted within the 2010/11 Service delivery plans. Assurance work that enables Audit to advise the organisation that arrangements are in place and operating properly.	
<u>People</u> Establishment audits across e.g. Leisure Centres, Schools, Care homes, FMSIS review, Social Care redesign and review of controls in material systems such as PARIS.	Fundamental Financial systems/Strategic risk areas/Key Service risks	Assurance work focussing on "back to basics" type work across key themed areas and establishments.	300
<u>Places</u> Emergency Planning, Waste PFI, Highways maintenance contract, Car parking, Licensing, Planning & Building Control	Strategic/Key service risks		200
<u>Performance &amp; Capacity</u> Compliance with HR policies, Performance Management including data quality, communications, ICT audits, Procurement including tendering/commissioning, Asset Management.	Strategic/key service risks and U o R improvement areas		250
<u>Cross Directorate, Partnerships, Shared Services</u> Governance arrangements, Service delivery Planning, Project Management, Business Continuity	Strategic Risks		100

# Audit Plan 2010/11

## Appendix 1

Audit Area	Priority Areas	Outline of work to be carried out	Resources (in Days)
<b>Counter Fraud</b> Includes administration of NFI & creation of fraud risk assessment	Investigations work	Includes work responsive to notifications under the anti-fraud and corruption policy; will inform opinion on the internal control environment. Pro- active work based on risk assessment including promotion of relevant policies and assessment of key controls.	330
<b>Strategic Review</b>			60
<b>Responsive Work</b>			
Consultancy & Advice		Where resources and skills exist, may contribute to the opinion that Internal Audit provides on the control environment.	174
Contingency		The plan needs to be flexible to be able to reflect changing risks and priorities. This could include non assurance work at the request of management.	100
<b>Follow Up</b>		In order for the Council to derive maximum benefit from the work of Internal Audit, agreed recommendations need to be implemented. Internal Audit, therefore, continually undertakes follow-up work in respect of all audit reviews.	50
<b>Planned Audit Service Work</b>			<b>1854</b>

## **CHESHIRE EAST COUNCIL**

### **Governance and Constitution Committee**

---

**Date of Meeting:** 27<sup>th</sup> May 2010  
**Report of:** Member Development Panel  
**Subject/Title:** Member Development: Chairman's End of Year Report

---

#### **1.0 Report Summary**

- 1.1 The report provides a summary of member training and development events held during 2009/2010 and outlines planned activities for 2010/2011. An outline of the draft Member Development Programme for the year is also included.

#### **2.0 Recommendation**

- 2.1 Governance and Constitution Committee is invited to note the report.

#### **3.0 Reasons for Recommendation**

- 3.1 As set out in Part Three of Cheshire East Council's Constitution, the Governance and Constitution Committee has responsibility for '*support for and facilities for Members, including member learning and development..*'.
- 3.2 Whilst responsibility for operational matters associated with learning and development lies with the Member Development Panel, the Committee is tasked with taking a monitoring role. The purpose of this report, therefore, is to inform the Committee of action taken by the Panel and to highlight future proposals.

#### **4.0 Wards Affected**

- 4.1 N/A

#### **5.0 Local Ward Members**

- 5.1 N/A

#### **6.0 Policy Implications**

- 6.1 None

## **7.0 Financial Implications**

- 7.1 The proposed Member Development Programme for 2010/2011 will maximise the use of budgetary resources for the benefit of Members and the Cheshire East Council.

## **8.0 Legal Implications**

- 8.1 The submission of an end of year report by the Chairman of the Member Development Panel will ensure that Governance and Constitution Committee can discharge its monitoring function with regard to member learning and development activities in accordance with its terms of reference in Part Three of the Council's Constitution.

## **9.0 Risk Management**

- 9.1 The involvement of Councillors at all stages of the learning and development process is vital to ensure that the authority continues to meet the requirements of the North West Charter on Elected Member Development.

## **10.0 Background**

- 10.1 In January 2009, the Council appointed a Member Development Panel (hereafter referred to as 'the Panel'), the Chairman of which is Councillor Wesley Fitzgerald, Leader of the Council. The remit of the Panel is 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.

## **11.0 Summary of Activities 2009/2010**

- 11.1 Since its inception, the Panel has met on a regular basis to discuss matters associated with Member learning and development and has been responsible for developing the framework under which Member training is delivered.
- 11.2 Notable successes have 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.

- 11.3 Appendix 1 provides a summary of the subjects offered to Members during 2009/2010. The list contains a mixture of committee-based training, briefings on Council functions and 'hot topics' delivered 'in house', by leading organizations or by external bodies.
- 11.4 The fifth column of the table shows the attendance levels recorded for each event. As the target audience is different for each subject, the figures show the number of Members who attended (Figure 1) compared to the number who could attend (Figure 2). As a means of illustration; there are fifty-one Members appointed to the Council's five Scrutiny Committees, 37 of whom attended the Overview and Scrutiny event held on 27<sup>th</sup> April 2009.
- 11.5 Periodic reports on attendance are submitted to the Member Development Panel for monitoring purposes so that any fall in attendance can be investigated and steps taken to reverse the decline. The summary in Appendix 1 will be considered by the Panel at its next meeting.

## **12.0 Proposed Activities 2010/2011**

- 12.1 Work is underway on putting together the Member Development Programme for 2010/2011. Appendix 2 sets out the three elements which will 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.
- 12.2 The Committee is welcome to comment/make observations on Part Three of the Programme.
- 12.3 Other activities which are planned for this year are -

a) Evaluation of Training

Following attendance at a training event, Members will be invited to complete a short electronic survey form to feed back their impressions of the course attended. The results will be fed back to the Panel to inform the development of future programmes and the Member Development Strategy.

b) North West Charter on Elected Member Development

Having achieved Level One accreditation in 2009, the Panel has begun working towards Level Two exemplar status. This work will continue during 2010/2011.

c) Personal Development Plan Interviews

In accordance with the Member Development Strategy, arrangements are being put in place to offer Personal Development Plan Interviews to elected Members in 2010. To meet the standard expected under Charter Level Two, a minimum of 75% of Councillors (61 Members) will need to

have participated in the process either by creating a new development plan for themselves or by updating an existing one.

d) Induction

Elections to Cheshire East Council will take place in May 2011. A series of reports is to be submitted to the Panel during the year to ensure that a comprehensive support Programme will be available to newly-elected Members from the moment they join the Council.

12.4 The Committee is asked to note the above.

**13.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

Name:	Diane Moulson
Designation:	Senior Member Development Officer
Tel No:	01270 686476
Email:	<u><a href="mailto:diane.moulson@cheshireeast.gov.uk">diane.moulson@cheshireeast.gov.uk</a></u>



## Member Training & Development Programme 2009/2010

2009				
Date	Subject	Internal/External	Lead	Attendance
22 April	Transforming Services	External	IDeA	15 of 81
23 April	Appeals	Internal	Committee Solicitor Public Transport Manager	6 of 7
27 April	Overview and Scrutiny	External	North West Employers	37 of 51
29 April	Heath Scrutiny	External	LINK Support Team	10 of 14
7 May	Cheshire/Wirral Joint Scrutiny	External	Cheshire and Wirral Partnership	5 of 6
11 May	Planning: General Overview	Internal	Head of Planning & Policy	31 of 44
12 May	Public Rights of Way	Internal	Public Rights of Way Manager	6 of 7
14 May	Schools Organisation	Internal	Admissions and Appeals Manager	3 of 7
8 June	Risk Management for Governance & Constitution	Internal	Head of Internal Audit and Compliance	8 of 14
18 June	Cheshire/Wirral Joint Scrutiny	External	Various	3 of 6
22 June	Planning: Minerals and Waste	Internal	Minerals & Waste Development Framework Manager	34 of 44
16 July	Financial Systems/Budget Setting	Internal	Borough Treasurer & Head of Assets	30 of 81
27 July	Planning: Enforcement	External	Trevor Roberts Associates	32 of 44
7 September	Public Rights of Way: Village Greens	Internal	Committee Solicitor	6 of 7
22 September	Sustainable Development	External	Cheshire and Wirral Sustainability Alliance	12 of 81
24 September	Health & Safety Q&A	Internal	Health & Safety Officer	2 of 81
2 October	Health & Safety Q&A	Internal	Health & Safety Officer	7 of 81
26 October	Transforming Adult Social Care	Internal	Head of Adult Services	18 of 81
26 October	Planning: Highways and Transport	Internal	Highways Development Manager	32 of 44

10 November	Finance: Proposals for 2010/2011 Budget	Internal	Borough Treasurer & Head of Assets	30 of 81
12 November	Planning: Renewable Energy	External	Centre for Sustainable Energy	2 of 44
13 November	Safeguarding Children	Internal	Children's Safeguarding Manager	14 of 81
<b>2010</b>				
<b>Date</b>	<b>Subject</b>	<b>Internal/External</b>	<b>Lead</b>	<b>Attendance</b>
21 January	Risk Management: Governance & Constitution	Internal	Head of Internal Audit and Compliance	8 of 14
21 and 22 January	Finance: Proposals for 2010/2011 Budget	Internal	Borough Treasurer & Head of Assets	22 of 81
5 February	Local Development Framework	Internal	Local Development Framework Manager	37 of 81
11 February	Corporate Governance: Governance & Constitution	External	GEB Business Solutions	8 of 16
12 February	Corporate Governance: All Members	External	GEB Business Solutions	19 of 65
15 February	Planning: Conservation Areas	Internal	Heritage and Design Manager	24 of 44
22 February	Finance: Proposals for 2010/2011 Budget	Internal	Borough Treasurer & Head of Assets	31 of 81
5 March	Scrutiny Reviews: Key Techniques	External	North West Employers	18 of 51
8 March	Risk Management: Cabinet	External	Incolumis Training	
16 March	Safeguarding Children	Internal	Children's Safeguarding Manager	18 of 81
18 March	Lean Awareness	External	Warwick Business School	22 of 81
19 March	Safeguarding Adults	External/ Internal	Nat. Institute for Health & Clinical Excellence (NICE) Social Services Project Manager	20 of 81
7 April	Emergency Planning	Internal	Lead Civil Protection Officer Joint Cheshire Emergency Planning Team	19 of 81
14 April	Cheshire Carers Workshop	Internal	Cheshire Carers Team	14 of 81



## **Member Training & Development Programme 2010/2011**

### **Part One: Confirmed Topics**

Comprehensive Area Assessment and Corporate Planning  
Planning Training: Various subjects  
Public Rights of Way: Village Green Applications  
Finance: Budget Consultation & Proposals for 2010/2011 Budget

### **Part Two: Core Topics**

Model Code of Conduct: Changes to the Code  
Safeguarding Children: Responsibilities/Continuum of Need/Child Protection  
Corporate/Ethical Governance/Risk Management  
Use of Resources

### **Part Three: Proposed Topics**

Development Control: General Overview  
Performance Management  
Self Development: Time Management/Chairing Skills  
Adult Services  
Social Deprivation  
Cheshire East Communications  
Partnership Working  
Looked After Children  
Anti Social/Criminal Behaviour  
Community Leadership  
Councillor Call for Action: Dealing with Petitions

This page is intentionally left blank

## **CHESHIRE EAST COUNCIL**

### **Governance and Constitution Committee**

---

**Date of Meeting:** 27<sup>th</sup> May 2010  
**Report of:** Borough Solicitor  
**Subject/Title:** Statutory Scrutiny Officer

---

#### **1.0 Report Summary**

- 1.1 To consider the appointment of the Authority's Statutory Scrutiny Officer.

#### **2.0 Recommendations**

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

#### **3.0 Reasons for Recommendations**

- 3.1 In accordance with Section 31 of the Local Democracy, Economic Development and Construction Act 2009, the Council has a statutory duty to designate one of its Officers as the Council's Statutory Scrutiny Officer.

#### **4.0 Wards Affected**

- 4.1 None

#### **5.0 Local Ward Members**

- 5.1 None

#### **6.0 Policy Implications**

- 6.1 The constitution will require amending to reflect the appointment of the Council's Statutory Scrutiny Officer.

#### **7.0 Financial Implications for Transition Costs**

- 7.1 None

#### **8.0 Financial Implications for 2010/2011 and beyond**

- 8.1 None

## **9.0 Legal Implications**

- 9.1 There is a statutory requirement for all local authorities in England, except district councils, to designate an Officer as the authority's Scrutiny Officer

## **10.0 Risk Management**

- 10.1 None

## **11.0 Background and Options**

- 11.1 Section 31 of the Local Democracy, Economic Development and Construction Act 2009 states that all authorities in England are to designate a Scrutiny Officer, with the exception of district councils in two tier areas. The functions of this role are to:
- Promote the role of the authority's Overview and Scrutiny Committee or Committees.
  - Support the authority's Overview and Scrutiny Committee or Committees and the Members of those committees.
  - Provide support and guidance to:
    1. Members of the authority
    2. Members of the executive of the authority, and
    3. Officers of the authorityin relation to the functions of the authority's Overview and Scrutiny Committee or Committees.
- 11.2 An Officer designated by a local authority under this section is to be known as the authority's 'Scrutiny Officer'.
- 11.3 A local authority may not designate any of the following under this section:
- The head of the authority's paid service designated under section 4 of the Local Government and Housing Act 1989;
  - The authority's Monitoring Officer designated under section 5 of that Act;
  - The authority's Chief Finance Officer, within the meaning of that section.
- 11.4 The appointment of an officer to this post will be made by Council following a recommendation by Governance and Constitution Committee.
- 11.5 The Corporate Scrutiny Committee considered the matter on 19 April 2010 and recommended that the Democratic Services Manager would be the most appropriate appointment within the Council.

## **12.0 Overview of Year One and Term One Issues**

- 12.1 None

### **13.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

Name: Mark Nedderman

Designation: Senior Scrutiny Officer

Tel No: 01270 686459

Email: [mark.nedderman@cheshireeast.gov.uk](mailto:mark.nedderman@cheshireeast.gov.uk)

This page is intentionally left blank



## **CHESHIRE EAST COUNCIL**

### **Governance and Constitution Committee**

---

**Date of Meeting:** 27<sup>th</sup> May 2010  
**Report of:** Borough Solicitor  
**Subject/Title:** Committee Procedure Rules – Recorded Votes

---

#### **1.0 Report Summary**

- 1.1 This report considers an amendment to the Constitution to include a provision relating to recorded votes at committee and sub-committee meetings.

#### **2.0 Recommendation**

- 2.1 That the Committee recommend to Council the adoption of the following provision and its incorporation into the Council's Committee Procedure Rules, subject to any amendments which the Committee might wish to suggest:

“31.2 At Committees, Sub-Committees or Special Committees comprising ten or more elected Members, when a Member asks for a recorded vote to be taken, and five other Members stand in their place to support the request, the vote will be recorded to show whether each Member voted for or against the motion or abstained. At Committees, Sub-Committees or Special Committees comprising nine or fewer elected Members, a recorded vote may be requisitioned where one Member stands and asks for a recorded vote to be taken and he/she is supported by one other elected Member.”

#### **3.0 Reasons for Recommendations**

- 3.1 To ensure that the Council's Constitution is accurate and complete.

#### **4.0 Wards Affected**

- 4.1 N/A

#### **5.0 Local Ward Members**

- 5.1 N/A

#### **6.0 Policy Implications including - Climate change - Health**

- 6.1 N/A

**7.0 Financial Implications 2009/10 and beyond (Authorised by the Borough Treasurer)**

7.1 N/A

**8.0 Legal Implications (Authorised by the Borough Solicitor)**

8.1 The purpose of the proposed amendment to the Constitution as outlined in this report is to include a provision within the Council's Committee Procedure Rules relating to the recording of votes.

**9.0 Risk Management**

9.1 There are no risks associated with this proposal.

**10.0 Background and Options**

10.1 Paragraph 31 of the Committee Procedure Rules deals with voting arrangements at committee and sub-committee meetings and currently reads 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.”

10.2 It is clear that what needs to be added to complete these provisions is a paragraph on the requirements for taking recorded votes. The following is suggested:

“31.2 At Committees, Sub-Committees or Special Committees comprising ten or more elected Members, when a Member asks for a recorded vote to be taken, and five other Members stand in their place to support the request, the vote will be recorded to show whether each Member voted for or against the motion or abstained. At Committees, Sub-Committees or Special Committees comprising nine or fewer elected Members, a recorded vote may be requisitioned where one Member stands and asks for a recorded vote to be taken and he/she is supported by one other elected Member.”

Members may have a particular view as to whether the terms of the proposed provision on recorded votes are appropriate, for instance with regard to the number of Members required to stand in their place to require a recorded vote, or indeed whether the requirement to stand is appropriate for a committee or sub-committee.

10.5 The Committee is therefore asked to recommend to Council the inclusion of the

paragraph within the Council's Committee Procedure Rules, subject to any amendments to the wording of the paragraph which the Committee might wish to suggest.

**11.0 Overview of Year One and Term One Issues**

11.1 N/A

**12.0 Access to Information**

Any background papers used in preparing this report can be inspected by contacting the report writer:

Name: Paul Mountford

Designation: Legal and Democratic Services

Tel No: 01270 686472

Email: paul.mountford@cheshireeast.gov.uk

This page is intentionally left blank

## CHESHIRE EAST COUNCIL

### Governance and Constitution Committee

---

**Date of Meeting:** 27<sup>th</sup> May 2010  
**Report of:** Democratic Services Manager  
**Title:** Proposed Changes to the Council's Committee Structure

---

#### 1.0 Purpose of Report

- 1.1 To propose the reallocation of committee responsibilities and the creation of two new committees in place of the existing Governance and Constitution Committee.
- 1.2 To approve the political group representation of the Council as a result of the proposed changes.

#### 2.0 Recommendations

- 2.1 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 this report, and with an allocation of seats to the political groups of 7:2:0:0 (Conservative: Liberal Democrat: Labour: Independent);
  - (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 this 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, as agreed by Council at its annual meeting, be amended in accordance with the proposals contained in this report, and that they be adopted, resulting in a new proportional entitlement of seats as follows:

New Proportional Entitlement    131 (72.8%)        27 (14.8%)    13 (7.4%)    9 (5%)

(7) the Borough Solicitor be authorised to make such changes to the Constitution as he considers are necessary to give effect to the wishes of Council.

### **3.0 Legal Implications**

- 3.1 The legal implications in respect of the allocation of seats to the political parties are set out in Sections 15 and 16 of the Local Government and Housing Act 1989. The appended report, which was presented to Council on 13<sup>th</sup> May 2010 (Appendix A), sets out the allocations prior to the recommended changes, whilst this report sets out the amended allocations in accordance with Sections 15 and 16 of the Local Government and Housing Act 1989.

### **4.0 Risk Assessment**

- 4.1 Failure to comply with the legislation when appointing its committee memberships would leave the Council open to legal challenge.

### **5.0 Information**

#### Proposed Committees

- 5.1 Appendix A to this report comprises the report which was presented to Council at its annual meeting on 13<sup>th</sup> May. Its recommendations were agreed by Council. This report sets out proposed changes and explains the reasons for them, and the consequences of those changes if they are agreed.
- 5.2 In a climate of increasing need for strong governance arrangements, transparency and clear lines of responsibility, it is considered good practice to have a separate committee which incorporates the requirements of good corporate governance which has an independent assurance function separate from any other responsibilities. The Code of Practice for Internal Audit in local government (CIPFA 2003) is the main document which assesses adherence to the necessary standards. Para 4.1.1 requires that “the authority has an independent Audit Committee.” In addition the CIPFA document “Audit Committees; Practical Guidance for Local Authorities” (2005) states that “the audit committee must be independent of the executive and scrutiny functions and that it must have a clear right of access to full council.”
- 5.3 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.”
- 5.4 CIPFA also says of “independence”:
- “To be effective, the audit committee needs to be independent from executive and scrutiny. The link with the scrutiny function can be beneficial but the ultimate power of the audit committee could be compromised by too much cross- membership. The audit committee needs to retain the ability to challenge the executive on issues and

to report to it on major issues and contraventions. Therefore cross membership should not be the norm, and if it is seen as necessary should be restricted to one member from each. The Audit Committee chair should not be, expressly, a member of the executive. A non executive chair is important in order to promote the objectivity of the audit committee and to enhance its standing in the eyes of the public.”

- 5.5 As a consequence of the above, it is 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 Committee would retain its existing programme of meetings, and its membership would also remain the same as that of the existing Governance and Constitution Committee.
- 5.6 Appendices B and C set out the powers and functions of the proposed Audit & Governance Committee, and the Constitution Committee, respectively.
- 5.7 It is proposed that the Audit and Governance Committee will have 9 members and the membership be allocated 7:2:0:0 (as explained elsewhere in this report).
- 5.8 It is proposed that the existing membership of, and arrangements for, the Governance and Constitution Committee be carried forward to the new Constitution Committee.

#### Political Proportionality

- 5.9 When changes are made to committee arrangements, the effect of the relevant legislation means that changes become necessary to secure political proportionality. The proportional entitlements do not change, but the calculations need to be checked and worked through all of the relevant member bodies. The group allocations on each committee subject to political proportionality, as well as the total number of seats allocated to each group, must be as close as possible to the overall ratio of members of each group on the Council.

The proportional entitlement of seats allocated to the Council’s political groups (following annual council), rounded to the nearest whole number was:

Proportional Entitlement    124 (72.8%):25 (14.8%):13 (7.4%):9 (5%)

- 5.10 The second page of the Council report sets out the legal requirement arising from the allocation of seats to each individual committee: “The Act provides that where this results in a Group having more or fewer actual seats than their proportional entitlement (as shown in the ‘Difference’ line in Appendix One), any surplus seats are re-allocated to ensure that the final actual allocation to each Group equals the proportional entitlement”. This is essentially a requirement to ‘true up’ the numbers by checking allocations across all member bodies covered by the requirement for proportionality and making any minor adjustments to achieve political proportionality.

- 5.11 This report proposes that a new Audit and Governance Committee should not have a large Membership.
- 5.12 It is therefore proposed that the new committee should have a membership of 9. According to the existing political proportionality of the Council, this would normally result in a 7:1:1:0 to give political balance to the committee itself.
- 5.13 The creation of the new committee would increase the total number of seats on the Council's committees from 171 to 180.

	Conservative	Liberal Democrat	Labour	Independent
Total seat entitlement after Annual Council (overall proportionality)	124	25	13	9
	72.8%	14.8%	7.4%	5.0%
Total seat entitlement after Annual Council with the new Audit and Governance Committee added (overall proportionality)	131	27	13	9
	72.8%	14.8%	7.4%	5.0%
Total seat entitlement after creation of Audit and Governance Committee (with committee proportionality) 7:1:1:0	131	26	14	9
	72.8%	1 seat too few Below 14.8%	1 seat too many Above 7.4%	5.0%
Total seat entitlement after creation of Audit and Governance Committee (with overall proportionality) 7:2:0:0	131	27	13	9
	72.8%	14.8%	7.4%	5.0%

- 5.14 It can therefore be seen that, by applying the proposed 7:1:1:0 allocation of seats to the new committee (making the seats on the committee itself balance), the entitlement to seats across the Council total is no longer in proportion. The Liberal Democrat Group would have one too few seats and the Labour Group would have one too many.
- 5.15 Under the requirements of the legislation, this must be rectified, and could be achieved by changing the allocation of seats on the new committee to 7:2:0:0.

## 6. Reasons for Recommendations

- 6.1 To set up appropriate decision-making structures and determine proportional political representation on the Council's committees.



***For further information:***

*Officer: Brian Reed Democratic Services Manager*

*Tel No: 01270 686670*

*Email: [brian.reed@cheshireeast.gov.uk](mailto:brian.reed@cheshireeast.gov.uk)*

***Background Documents: None***



## Appendix A

# CHESHIRE EAST COUNCIL

## Report to Council

---

**Date of Meeting:** 12<sup>th</sup> May 2010

**Report of:** Borough Solicitor

**Title:** **Political Representation on the Council's Committees**

---

### **Purpose of Report**

To determine the political representation on the Council's committees.

### **Recommendations**

That the political group representation, as set out in Appendices One and Two to this report and the methods, calculations and conventions used in arriving at them as outlined in the report be adopted.

### **Legal Implications**

The Local Government (Committees and Political Groups) Regulations 1990, made pursuant to the Local Government and Housing Act 1989, make provisions in respect of the political group representation on a local authority's committees in respect of the political composition of the Council. The legislation applies to overview and scrutiny committees and the decision-making committees of the Council.

The legislation requires that, where proportionality applies, and seats are allocated to different political groups, the authority must abide by the following principles, so far as is reasonably practicable:

Not all of the seats can be allocated to the same political group. There are no single group committees.

The majority of seats on a body are to be allocated to a political Group with a majority membership of the authority. The seats are so allocated.

The number of seats on the total of all ordinary committees allocated to each Political Group bears the same proportion to the proportion on the full Council. Appendix One achieves this.

The number of seats on each ordinary committee allocated to each Political Group bears the same proportion to the proportion on full Council. Appendix Two demonstrates proportional distribution across all committees etc.

The 1990 Regulations require Political Group Leaders to notify the Proper Officer of the Group's nominations to the bodies in question.

### **Risk Assessment**

Failure to comply with the Act and Regulations when appointing its committee memberships would leave the Council open to legal challenge.

### **LOCAL GOVERNMENT (COMMITTEE AND POLITICAL GROUPS) REGULATIONS 1990**

Appendix One to this report sets out the proposed political representation on ordinary committees, based on the political structure of the Council as a whole. The following is the basis of the approach adopted:

Conservatives	59	72.8%
Liberal Democrat	12	14.8%
Labour	6	7.4%
Independent	4	5.0%
TOTAL	81	100%

Appendix One demonstrates how the Council has to agree the proportionality of its ordinary committees. The definition of an ordinary committee does not include sub-committees or joint committees. They are therefore excluded from Appendix One, but shown at Appendix Two, except where these are ad-hoc bodies. The proportionality rules do not apply to the Cabinet or to the Standards Committee. These are also excluded from Appendix One.

The proportionalities have been arrived at by the following methods and conventions:

applying the relevant percentage to each body;  
rounding up from 0.5 and above and rounding down below 0.5

The Act provides that where this results in a Group having more or fewer actual seats than their proportional entitlement (as shown in the 'Difference' line in Appendix One), any surplus seats are re-allocated to ensure that the final actual allocation to each Group equals the proportional entitlement.

Discussions were held with Group Leaders in April 2009 to ensure that the proportionality calculations were accurately carried out. Following these discussions, agreement was reached to the effect that some adjustments should be made to the original draft proportionalities calculation, in particular in respect of the Northern Planning Committee. The agreements reached in April 2009 have been carried forward to the calculations for 2010/11.

5.4 Appendix Two shows the proportional distribution of seats on all bodies (this includes not only the ordinary committees at Appendix One but other bodies such as joint committees, sub-committees etc.

**Reasons for Recommendations**

To determine political representation on the Council's committees.

***For further information:***

*Officer: Paul Jones Democratic Services Team Manager*

*Tel No: 01270 686458*

*Email: paul.jones4@cheshire.gov.uk*

***Background Documents: None***



## APPENDIX ONE

## CHESHIRE EAST COUNCIL - POLITICAL PROPORTIONALITIES

<u>Committee Total</u>	<u>Con</u>	<u>Lib Dem</u>	<u>Lab</u>	<u>Ind</u>
Children and Families Scrutiny	10	2	1	1
Health/Adult Social Care Scrutiny	10	2	1	1
Environment and Prosperity Scrutiny	10	2	1	1
Sustainable Communities Scrutiny	10	2	1	1
Corporate Scrutiny	10	2	1	1
Strategic Planning Board	10	2	1	1
Northern Planning Committee	12	3	0	0
Southern Planning Committee	11	2	1	1
Licensing Committee	11	2	1	1
Governance and Constitution	10	2	1	1
Public Rights of Way	5	1	1	0
Staffing	5	1	1	0
Appeals	5	1	1	0
Lay Members Appointments	5	1	1	0
Total Places (Actual) 171	124	25	13	9
Proportional Entitlement	124 (72.8%)	25 (14.8%)	13 (7.4%)	9 (5%)
Difference	0	0	0	0

**NB:**

1. The methods and conventions used in arriving at these proportionalities are outlined in the report.
2. The final proportionality for the Northern Planning Committee will be 12:3:0:0. The explanation for this is given in the report.
3. Cabinet and Standards Committee are outside the proportionality rules as are Joint Committees.





## APPENDIX TWO

**CHESHIRE EAST COUNCIL-PROPORTIONAL DISTRIBUTION OF SEATS ON ALL BODIES (other than those to be appointed on an ad-hoc basis)**

<b><u>Committee</u></b> <b><u>Total</u></b>	<b><u>Con</u></b>	<b><u>Lib Dem</u></b>	<b><u>Lab</u></b>	<b><u>Ind</u></b>
Children and Families Scrutiny	10	2	1	1
Health/Adult Social Care Scrutiny	10	2	1	1
Environment and Prosperity Scrutiny	10	2	1	1
Sustainable Communities Scrutiny	10	2	1	1
Corporate Scrutiny	10	2	1	1
Strategic Planning Board	10	2	1	1
North Planning Committee	12	3	0	0
South Planning Committee	11	2	1	1
Licensing Committee	11	2	1	1
Governance and Constitution	10	2	1	1
Public Rights of Way	5	1	1	0
Staffing	5	1	1	0
Appeals	5	1	1	0
Lay Members Appointments	5	1	1	0
Cheshire East/West/Wirral Scrutiny	4	1	1	0
Standards Committee	5	1	1	1
School Governor Appointments Panel	5	1	1	1
Civic Sub Committee	5	1	1	1
Cheshire Fire Authority	6	1	1	0
Peak District National Park Authority	1			
Total Places 210	150	30	18	12
Proportional entitlement	153(72.8%)	31(14.8%)	16(7.4%)	10(5%)
Difference	-3	-1	+2	+2

(Note: In terms of Proportional Entitlement Independents rounded down rather than up as Smallest Group)

**NB:**

**Not included in the above are:**

General Licensing Sub-Committees of 5, which are to be appointed on an ad-hoc basis

Licensing Sub-Committees of 3, which are to be appointed on an ad-hoc basis

Wilmslow Community Governance Review Sub-Committee. Although the appointments have been made on the basis of political proportionality the Sub Committee has been appointed on an ad hoc basis.

In accordance with legislation, included in the above are the numbers of Members appointed to Cheshire Fire Authority and the Peak District National Park Authority as “prescribed organisations”. Other previously agreed nominations to “outside bodies” are not included.

## Appendix B

### AUDIT AND GOVERNANCE COMMITTEE

The Audit and Governance Committee is responsible for:

1. overseeing the Council's role and responsibilities in respect of Corporate Governance and Audit;
2. developing a Code of Corporate Governance and to undertake as appropriate an assessment of wider governance issues;
3. supporting the Council's audit function, both internal and external;
4. ensuring the Council has in place appropriate policies and mechanisms to safeguard the Council's resources;
5. supporting the Chief Financial Officer in relation to the performance of their duties;
6. approving any Council Statement of Accounts as may be required by the relevant Account and Audit Regulations;
7. ensuring any Council's Risk Management arrangements are operating effectively;
8. where necessary, overseeing and agreeing the arrangements for Members to be indemnified for and insured against risks and liabilities arising from the performance of their duties as Members of the Council, and as the Council's representatives on outside bodies;
9. considering the Head of Internal Audit's annual report and opinion and a summary of internal audit activity and the level of assurance over corporate governance arrangements;
10. receiving the Internal Audit Plan and summary reports on performance against the plan;
11. reviewing and approving the Annual Governance Statement;
12. seeking assurance that customer complaint arrangements are robust;
13. reviewing and making recommendations upon the whistle blowing arrangements process;
14. considering external audit and other external agencies reports to those charged with governance as a source of assurance;
15. ensuring that the Council maintains a robust counter fraud culture via the implementation of an anti fraud and corruption policy and strategy.



## Appendix C

### CONSTITUTION COMMITTEE

The Constitution Committee is responsible for:

1. overseeing, monitoring, co-ordinating and implementing the Council's administrative and political business, including electoral matters; administrative boundaries and parishing; support for and facilities for Members, including Members' learning and development and party groups for the purpose of their duties as councillors; and administrative arrangements for and the conduct of the Council and other meetings;
2. determining policies and conventions in relation to the political management of the Council, including statutory requirements concerning political balance and rights to information;
3. reviewing the Council's Constitution and recommending any changes to the Council;
4. advising the Council on, and overseeing the promotion of private legislation on behalf of the Council;
5. recommending to the Council, as appropriate, the appointment of Members to Committees and Sub-Committees (including any co-opted members other than in respect of Scrutiny Committees);
6. appointing representatives to serve on outside bodies and organisations (including education bodies and establishments) not falling to the Cabinet to appoint;
7. overseeing and monitoring the Members' Allowance budget, including pensions, and keeping under review the scheme for the payment of allowances to Members through the appointment of an Independent Remuneration Panel to advise the Council on the adoption of the scheme and on any proposed amendments;
8. approving annual conference and seminar attendance;
9. making recommendations to the Council on civic issues, including those affecting the Mayor, Freeman and Aldermen.
10. approving reasons for absence for Members;
11. approving the overall seating plan for Council meetings;

This page is intentionally left blank