

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 19th 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 8th 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 1st 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 1st 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)