



Report to Council

Report of: Acting Executive Director, Resources

Date: 6 July 2016

Subject: Proposed Merger of the Council's Audit and Standards Committees

Author of Report: Paul Robinson – Democratic Services
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Summary:

This report provides details of proposals to (a) merge the Council's Audit and Standards Committees, and revise the Council's Constitution accordingly and (b) recruit to the position of Independent Persons (to assist the Monitoring Officer and Committee when considering complaints about Councillors and Co-opted Members).

Recommendations:

See Section 7 of the report.

Background Papers:

- Constitution of Sheffield City Council.
 - Establishment of Council Committees in 2016/17 – Report to the Annual Meeting of the Council on 18th May 2016.
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Category of Report: OPEN

Statutory and Council Policy Checklist

Financial implications
YES - Cleared by Pauline Wood
Legal implications
YES - Cleared by Gillian Duckworth
Equality of Opportunity implications
N/A
Tackling Health Inequalities implications
N/A
Human rights implications
N/A
Environmental and Sustainability implications
N/A
Economic impact
N/A
Community safety implications
N/A
Human resources implications
N/A
Property implications
N/A
Area(s) affected
None
Relevant Cabinet Portfolio
Leader (Councillor Julie Dore)
Relevant Scrutiny Committee if decision called in
Not applicable
Is the item a matter which is reserved for approval by the City Council?
Yes
Press release
NO

1. Introduction

- 1.1 This report provides details of proposals to (a) merge the Council's Audit and Standards Committees, and revise the Council's Constitution accordingly and (b) recruit to the position of Independent Persons (to assist the Monitoring Officer and Committee when considering complaints about Councillors and Co-opted Members).

2. Current Position

- 2.1 The Audit Committee is well established and usually meets at least five/six times a year. Its terms of reference are set out in Part 3 (Responsibility for Functions) of the Council's Constitution, and relate to the Council's internal audit activity, regulatory framework and risk management, and approving the accounts and considering the external audit of the accounts. Meetings of the Committee are well attended with busy agendas. The membership of the Committee comprises 6 Non-Executive Members of the Council, with proportionality applied, plus 2 non-voting co-opted members each serving a 4-year term of office. The co-optee arrangements have been in operation since 2010. There is currently a co-opted member vacancy.
- 2.2 The Constitution also provides for the establishment of a Standards Committee to determine complaints under the Members' Code of Conduct referred to it by the Monitoring Officer, and to promote high standards of Councillor conduct. The composition, role and functions of the Committee are set out in Article 9 of the Constitution, and its terms of reference are set out in Part 3 of the Constitution.
- 2.3 The Standards Committee currently comprises 8 Members of the City Council drawn from the 2 largest political groups on the Council (5 from the Labour Group and 3 from the Liberal Democrat Group), with proportionality dis-applied and a requirement that one Member from each group is to be present at each meeting, plus 3 independent non-voting co-opted members and 1 Parish/Town Council co-optee. The Committee has only met five times since the revised standards arrangements, introduced under the Localism Act 2011, were adopted in 2012.
- 2.4 The Localism Act 2011 required the Council to appoint at least one Independent Person to assist the Monitoring Officer and Standards Committee in considering complaints. In November 2012, the Council appointed Stuart Carvell, Marvyn Moore and David Waxman for 4 years to November 2016 (they were appointed jointly with Barnsley MBC and the South Yorkshire Joint Fire and Rescue and Integrated Transport Authorities). When the posts are re-advertised the current post holders can re-apply. They each receive an allowance equivalent to the co-optees allowance of £707.98 per annum, with the costs being shared by the participating authorities.

3. **Proposed Changes and Reasons**

- 3.1 It is proposed to merge the Audit and Standards Committees and establish a single Audit and Standards Committee, with effect from 1st September 2016, comprising 7 non-Executive Members of the Council, with proportionality applied, and a maximum of 3 non-voting co-optees. It is the view of the Section 151 Officer and the Monitoring Officer, as well as the current Chairs of the two Committees, that the relatively low volume of Standards-related business can be accommodated within the work programme and frequency of meetings, of the Audit Committee. A single committee, meeting on a regular basis, will more readily facilitate the consideration of the low level of standards-related business, than has been the case with the stand alone Standards Committee meeting on an ad-hoc basis.
- 3.2 The proposed implementation date of 1st September 2016 will enable recruitment to take place to the vacant non-voting co-optee positions prior to the first meeting of the new single committee. It is proposed that the terms of reference for the new Audit and Standards Committee will be based largely on those in place for the two separate Committees, and will be drawn up by the Director of Legal and Governance in consultation with the Acting Executive Director, Resources, and the current Chairs of the two Committees.
- 3.3 It is not proposed to change the way Standards complaints are dealt with. The Consideration Sub-Committee and the Hearing Sub-Committee, established under the Council's procedure for dealing with complaints regarding city, parish and town councillors and co-opted members, will both be retained as sub-committees of the Audit and Standards Committee.
- 3.4 When the Council established the Standards Committee as part of the revised standards arrangements introduced under the Localism Act 2011, the three independent co-opted members from the previous Committee/Standards regime were retained for the experience they had built up over a number of years. It is not proposed to retain the three independent co-opted members under the single Audit and Standards Committee, as officers believe this role can be undertaken by the two co-optees to be retained from the Audit Committee. The individuals currently serving as the independent co-opted members on the Standards Committee would, however, be able to apply for the two co-opted member vacancies that would exist under the newly established Committee. Furthermore, due to the low volume of Standards-related business, it is not considered necessary to retain the formal Parish/Town Council co-opted representative on the new single Committee, but instead the 3 Parish/Town Councils will be informed when Standards matters are to be considered and invited to jointly send one representative to attend for those items as an observer, as is currently the practice. In addition, the Clerks to the 3 Parish/Town Councils will continue to be informed when a complaint has been received about one of their Councillors.
- 3.5 The term of office for the three Independent Persons expires in November 2016. The view of the Monitoring Officer is that the work can be covered by two Independent Persons and, accordingly, two positions will be advertised shortly.

3.6 The current Chairs of the two Committees, the existing co-optees on the Standards and Audit Committees, the Parish/Town Councils and the three Independent Persons have all been advised of the proposed changes.

4. Composition of the new Committee and Implications for Places on other Council Committees

4.1 The requirements set out in the Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990, require local authorities to allocate seats on Council Committees to political groups on a politically proportionate basis. Political proportionality is dis-applied in relation to the current Standards Committee, but does apply to the current Audit Committee and, accordingly, the 6 seats on the Audit Committee available for Members of the Council do form part of the calculation of the total number of seats on the ordinary committees of the Authority to be allocated to each political group in the same proportion as the group's representation on the full Council.

4.2 It is proposed to establish the single Audit and Standards Committee with proportionality applied and a membership of 7 (non-Executive) Members of the Council, and a maximum of 3 non-voting co-optees. This would be an increase of 1 seat (from 6 seats to 7 seats) and would increase the total number of seats across all politically proportionate Committees from 144 to 145. The impact of this revised overall number of seats is set out in the appendix to the report and results in the Labour Group being required to give up one seat to be allocated to the Liberal Democrat Group. In carrying out this process of adjustment, regard has to be given to the political balance principle that the number of seats on each committee are allocated to each political group in the same proportion as the group's representation on the Council. Therefore, the seat to be given up by the Labour Group can be from any Committee other than the Planning and Highways Committee and the Licensing Committee, as these two Committees have already been subject to an adjustment.

5. Legal Implications

5.1 The legal implications are set out in the body of this report. The proposals to establish a single Audit and Standards Committee do not affect the functions currently undertaken by each Committee, but instead change how the work is undertaken. Therefore, the requirements of the Localism Act 2011 in relation to the standards regime continue to be met. The establishment of the single Committee is a matter reserved to the full Council, as are consequential changes to the Constitution to give effect to the new arrangements. The impact of the new arrangements on the political balance requirements of the Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990, are picked up in section 4 of the report.

6. **Financial Implications**

- 6.1 There are no significant financial implications associated with the merger of the two Committees. The volume of activity and number of meetings to support will largely remain as now.
- 6.2 The current Members' Allowances Scheme does not include a special responsibility allowance in relation to the role of Chair of the Audit Committee, nor the role of Chair of the Standards Committee. It is not proposed that a special responsibility allowance will be introduced in relation to the role of Chair of the single Audit and Standards Committee.
- 6.3 However, the two non-voting co-optees on the Audit Committee and the three independent non-voting co-optees on the Standards Committee each receive a Co-optees' Allowance under the Council's Members' Allowances Scheme. The Co-optees' Allowance is currently £707.98 per annum. The proposal for the single committee to include a maximum of three non-voting co-optees, represents a reduction of two co-optees, resulting in a saving of £1,415.96 per annum.
- 6.4 The proposal to reduce, from 3 to 2, the number of persons to be appointed as Independent Persons will result in a modest saving - equivalent to a Co-optees' Allowance of £707.98 per annum, shared between the 3 participating authorities.

7. **Recommendations**

- 7.1 That the Council:-
- (a) approves the proposals set out in the report to merge the Audit Committee and the Standards Committee to form a single Audit and Standards Committee, with proportionality applied and a membership of 7 (non-Executive) Members of the Council, and a maximum of 3 non-voting co-optees;
 - (b) approves an implementation date for the new arrangements of 1st September 2016, so as to enable recruitment to the two co-opted member vacancies, and authority be given to the Acting Executive Director, Resources and the Director of Legal and Governance to commence the recruitment process;
 - (c) approves that the three Parish/Town Councils be invited to jointly send one representative to attend meetings of the new Audit and Standards Committee when Standards matters are to be considered;
 - (d) agrees the final adjustment of one seat (the Labour Group being required to give up one seat to be allocated to the Liberal Democrat Group), to take effect from 1st September 2016, to ensure that each group has the required number of seats overall in comparison to the total number of seats available on all committees to reflect their composition on the Council as a whole;

- (e) appoints 7 (non-Executive) Members to serve on the new Audit and Standards Committee (5 Labour and 2 Liberal Democrat Members), and confirms that the current Audit Committee independent co-optee (Elizabeth Stanley) be appointed to serve on the new Committee for the remainder of her current term of office (to 17th May 2017);
- (f) approves that the Cabinet Member for Finance and Resources be invited to attend meetings of the new Committee as an observer and receive the agenda papers, as is the current practice for the Audit Committee;
- (g) approves that the Consideration and Hearing Sub-Committees (each comprising three Members of the parent Committee and 1 Non-voting Co-opted Member) be retained;
- (h) approves the proposal to reduce the number of Independent Persons from three to two, and authorises the Director of Legal and Governance to commence the recruitment process with a view to appointing the two Independent Persons to serve from when the terms of office of the three current Independent Persons ends in November 2016;
- (i) authorises the Director of Legal and Governance to compile and approve the terms of reference for the new Committee (in consultation with the Interim Director of Finance and Commercial Services and the current Chairs of the two Committees) and to revise the Council's Constitution and relevant procedures, as and where appropriate, to reflect the arrangements now approved;
- (j) agrees that these new arrangements be reviewed in a year's time.

Eugene Walker
Acting Executive Director, Resources

Appendix

Proportional Seat Allocations to Political Groups in 2016/17 (Incorporating Final Adjustments) – As Agreed at the Annual Meeting of the Council on 18th May 2016

Committee	Labour	Lib Dem	Green	UKIP	Total
Overview and Scrutiny Management Committee	7	2	1	1	11
CYP&FS Scrutiny Cttee	10	3	1	1	15
E&EW Scrutiny Cttee	4 0	3	1	4 0	15
HC&ASC Scrutiny Cttee	10	3	1	1	15
S&SC Scrutiny Cttee	10	3	1	1	15
Planning and Highways Cttee	10	3 4	4 0	1	15
Licensing Cttee	10	3 4	4 0	1	15
Audit Cttee	4	2	0	0	6
Admissions Cttee	5	2	0	0	7
Senior Officer Employment Cttee	4 0	3	1	4 0	15
Appeals and Collective Disputes Cttee	10	3	1	1	15
Total Initial Allocation	96	30	9	9	144
Overall Political Balance Requirement	98	32	7	7	144
Adjustments Required	+2	+2	-2	-2	

Labour	144 x 67.86%	=	97.72	(97)	+1	=	98
Liberal Democrat	144 x 22.62%	=	32.57	(32)		=	32
Greens	144 x 4.76%	=	6.85	(6)	+1	=	7
UKIP	144 x 4.76%	=	6.85	(6)	+1	=	7
				(141)			(144)

Proportional Seat Allocations to Political Groups in 2016/17 - With New Audit and Standards Committee & Incorporating the Final Adjustments Agreed at the Annual Meeting of the Council on 18th May 2016

Committee	Labour	Lib Dem	Green	UKIP	Total
Overview and Scrutiny Management Committee	7	2	1	1	11
CYP&FS Scrutiny Cttee	10	3	1	1	15
E&EW Scrutiny Cttee	4 0 11	3	1	4 0	15
HC&ASC Scrutiny Cttee	10	3	1	1	15
S&SC Scrutiny Cttee	10	3	1	1	15
Planning and Highways Cttee	10	3 4	4 0	1	15
Licensing Cttee	10	3 4	4 0	1	15
Audit & Standards Cttee	5	2	0	0	7
Admissions Cttee	5	2	0	0	7
Senior Officer Employment Cttee	4 0 11	3	1	4 0	15
Appeals and Collective Disputes Cttee	10	3	1	1	15
Total Allocation	99	32	7	7	145
Overall Political Balance Requirement	98	33	7	7	145
Final Adjustments Required	-1	+1	0	0	

Labour	145 x 67.86%	=	98.39	(98)		=	98
Liberal Democrat	145 x 22.62%	=	32.79	(32)	+1	=	33
Greens	145 x 4.76%	=	6.90	(6)	+1	=	7
UKIP	145 x 4.76%	=	6.90	(6)	+1	=	7
				(142)			(145)

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