

Notice of Meeting

Governance and Audit Committee

Monday 22 June 2015 at 3.00pm
in Committee Room 1 Council Offices
Market Street Newbury

Date of despatch of Agenda: Friday, 12 June 2015

For further information about this Agenda, or to inspect any background documents referred to in Part I reports, please contact Andy Day / Moira Fraser / Stephen Chard on (01635) 519459 / 519045 / 519462

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Further information and Minutes are also available on the Council's website at www.westberks.gov.uk



Agenda - Governance and Audit Committee to be held on Monday, 22 June 2015
(continued)

To: Councillors Steve Ardagh-Walter, Jeff Beck (Vice-Chairman), Paul Bryant, James Cole, Lee Dillon, Sheila Ellison, Anthony Pick and Quentin Webb (Chairman)

Substitutes: Councillors Richard Crumly, Billy Drummond, Alan Macro and Tim Metcalfe

Agenda

Part I	Page No.
1. Apologies To receive apologies for inability to attend the meeting (if any).	
2. Minutes To approve as a correct record the Minutes of the meetings of this Committee held on 27 April 2015 and 19 May 2015.	3 – 10
3. Declarations of Interest To remind Members of the need to record the existence and nature of any Personal, Disclosable Pecuniary or other interests in items on the agenda, in accordance with the Members' Code of Conduct .	
4. Forward Plan	11 – 14
5. Changes to Governance Arrangements (C2987) <i>Purpose: To present the recommendation to create a Governance and Ethics Committee in place of the Governance and Audit Committee and Standards Committee.</i>	15 - 24

Andy Day
Head of Strategic Support

If you require this information in a different format or translation, please contact Moira Fraser on telephone (01635) 519045.



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Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

GOVERNANCE AND AUDIT COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY, 27 APRIL 2015

Councillors Present: Paul Bryant, Tony Linden, Geoff Mayes, Julian Swift-Hook (Vice-Chairman) and Quentin Webb (Chairman)

Also Present: Andy Day (Head of Strategic Support), Lesley Flannigan (Finance Manager: Technical and Control), Julie Gillhespey (Audit Manager), Kevin Griffin (Head of ICT & Corporate Support), Ian Priestley (Chief Internal Auditor), Shiraz Sheikh (Solicitor), Ian Pennington (KPMG) and Moira Fraser (Democratic and Electoral Services Manager)

Apologies for inability to attend the meeting: Councillor Peter Argyle and Councillor Brian Bedwell

PART I

21. Minutes

The Minutes of the meeting held on 9 February 2015 were approved as a true and correct record and signed by the Chairman.

22. Declarations of Interest

There were no declarations of interest received.

23. KPMG Audit Plan (GA2985)

The Committee considered a report (Agenda Item 4) to inform Members of the proposed audit plan by external auditors, KPMG. The audit plan from KPMG, described how they would deliver their financial statements audit work for West Berkshire Council. It also sets out their approach to value for money.

The headlines of the report were as follows:

- **Audit approach.** KPMG's overall audit approach remained similar to last year with no fundamental changes. Their work would be carried out in four stages and the timings for these, and specifically their on site work, had been agreed with the Head of Finance. Their audit strategy and plan remained flexible as risks and issues change throughout the year. They would review the initial assessments presented in this document throughout the year and should any new risks emerge they would evaluate these and respond accordingly.
- **Key financial statements audit risks.** KPMG had completed their initial risk assessment for the financial statements audit and identified one significant risk this year.
 - *Accounting for Local Authority Maintained Schools.* Changes to the Local Authority Code of Practice meant that the Authority had to review the agreements under which assets are used by the schools and consider whether those assets should be brought on to the Authority's balance sheet.

GOVERNANCE AND AUDIT COMMITTEE - 27 APRIL 2015 - MINUTES

They would assess this risk area as part of their interim work and conclude this work at year end.

- **Value for Money Audit Approach.** KPMG completed an initial risk assessment for the VFM conclusion and had not identified any significant risks at this stage. However the risk assessment process was an on going process and they agreed to provide an update if any new VFM risks were identified.
- **Audit team, deliverables, timeline and fees.** There had been one change to the audit team from last year. The main year-end audit was planned to start on 15 June 2015. This was earlier than in previous years, as the Council was working towards finalising their accounts earlier ahead of the new CIPFA guidance which required accounts to be produced in May. It was positive to note the Council's commitment to bringing the accounts production timetable forward.

At the end of the work, KPMG would again present their findings to the Council in their *Report to Those Charged with Governance (ISA 260 Report)*. The planned fee for the 2014/15 audit was £128,870. This had increased by £1,070 from the position set out in their *Audit Fee Letter 2014/15* and was in line with the scale fees issued by the Audit Commission. The Audit Commission had increased the scale fee to take account of additional work required on National Non Domestic Rates. KPMG had previously relied on certification work in this area which had now ended. The last certification fee was £1,407 which results in a net saving to the Council.

RESOLVED that the report be noted.

24. **Internal Audit Plan (GA2986)**

The Committee considered a report (Agenda Item 5) in relation to the Internal Audit Plan for 2015-2018.

The report outlined the method used to compile the Plan which was based around risk and the Audit Plan set out a range of proposed audits. In addition, work carried out in the previous year would be followed up. The main areas of focus would be the 'Key Financial Systems' and the anti-fraud work, particularly the National Fraud Initiative.

The work of internal audit was designed to provide the Council with assurance on the state of the Council's internal control framework. The work was also designed to highlight and remedy any weaknesses identified in the Council's service delivery systems.

RESOLVED that the report be noted.

25. **Members IT Policy (C2984)**

The Committee considered a report (Agenda Item 6) concerning changes to the Members IT Protocol.

West Berkshire Members were provided with ICT equipment and facilities to support them in their role as Councillors. Following the May 2015 elections Members would be provided with tablet computers in place of their previous laptops. The appropriate use of Members ICT was described in the Members ICT Protocol and as the ICT solution used by Members had been updated it was necessary to update the protocol to reflect these changes.

GOVERNANCE AND AUDIT COMMITTEE - 27 APRIL 2015 - MINUTES

During the course of discussing this matter it was agreed that each of the three choices of new ICT equipment should have a specification attached to it to enable Members to better understand the relative merits of each.

Members also expressed concern about the proposal to switch off the auto forwarding rule being “switched off, the cost of insuring their new ICT equipment and not have a printer as part of the new package. As a result of these concerns it was agreed to support this the recommendation subject to the concerns raised above being addressed by full Council.

RESOLVED that the updated Member’s ICT Protocol be approved subject to the following issues being satisfactorily addressed by full Council:

- (i) Auto forwarding Rule
- (ii) Insurance for the new ICT equipment
- (iii) Printers

26. **Changes to Governance Arrangements (C2987)**

The Committee considered a report (Agenda Item 7) which proposed to amalgamate the Governance and Audit Committee with the Standards Committee to create a new Governance and Ethics Committee.

The workload of the Standards Committee had declined over the preceding few years. Officers had therefore been asked to look into merging the Governance and Audit and Standards Committees of the Council in order to streamline governance arrangements.

The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 had recently been enacted which required the Council to make changes to the Constitution to include certain provisions relating to the potential dismissal or disciplining of the Head of Paid Service, Monitoring Officer or S151 Officer. As part of the procedural changes required a panel would need to be set up to advise on matters relating to the dismissal of these Officers. The Act required at least two Independent Persons who had been appointed under section 28(7) of the Localism Act 2011 to be appointed to the panel. The roles of the Independent Persons therefore needed to be updated.

It was proposed that:

- The two Committees would be merged to form a Governance and Ethics Committee;
- A revised set of terms of reference of the Governance and Ethics Committee should be adopted;
- The membership of the revised Governance and Ethics Committee would comprise ten members (eight District Councillors appointed on a proportional basis and two co-opted non-voting Parish/Town Councillors);
- The structure of agendas would be arranged so as to ensure that the Parish Councillors would only need to attend the Standards element of the meeting;
- The Advisory Panel and Independent Persons would be retained;
- The role of the Independent Persons would be updated to include the requirements set out in The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015;
- Authority would be delegated to the Monitoring Officer to amend all relevant parts of the Constitution to reflect the new governance structure;

GOVERNANCE AND AUDIT COMMITTEE - 27 APRIL 2015 - MINUTES

- Authority would be delegated to the Head of Strategic Support to amend the timetable of meetings for 2015/16.

Moira Fraser explained that the recent Peer Review had highlighted that the authority was somewhat bureaucratic in nature. During the previous Financial Year Strategic Support had administered in excess of 330 meetings. This did not take into account the myriad of other meetings that Members were expected to attend including Outside Bodies, Group Meetings, Parish Council meetings, meetings with Officers and those administered by other teams. Officers had therefore been seeking opportunities to streamline the number of meetings and this seemed a logical choice. The skills required by the Members of the two Committees were similar and their remit already overlapped in certain areas. A number of other authorities had already amalgamated the two functions.

During 2014/15 the Standards Committee met four times, two of these meetings were held virtually. During the past three years 34 complaints about potential breaches of the Code of Conduct were received. Since the implementation of the revised Standards arrangements around 80% of these complaints were dealt with by the Independent Person and the Monitoring Officer at the Initial Assessment stage. This meant that a maximum of five complaints might result in a full Hearing.

It was important to note that the current Standards Committee was constituted on a proportional basis. This would also be true of the proposed Governance and Ethics Committee. Officers therefore proposed the retention of the Advisory Panel to ensure that the perception of political neutrality was retained.

The Governance and Ethics agenda would be structured into two parts so that the Parish Councillors would not have to stay for the rest of the debate if they did not want to. They would be appointed in a non-voting capacity as they were on the Standards Committee.

In the event that a hearing was required a special meeting would be convened to conduct this item of business.

Although this proposal will only generate a small saving both in terms of money and meetings the motivation is to improve the efficiency of the Councils democratic process and combining these two committees would be a good starting point.

Members expressed concern at the proposal to combine both Committees and felt they needed more time to consider the implications of this. It was agreed that the proposal to combine the two committees should be deferred to the next meeting of the Governance and Audit Committee with the exception of the need to receive Council approval in May to expand the roles of the two Independent Persons in accordance with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015.

RESOLVED:

- (i) That the proposal to combine the Governance and Audit Committee and Standards Committee be deferred and discussed further at the next meeting of the Governance and Audit Committee.
- (ii) That Council be requested to approve the extension of the roles of the two Independent Persons to cover the requirements of the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 in relation to any potential dismissal or disciplining of the Head of Paid Service, Monitoring Officer and Section 151 Officer.

27. **Amendment to the Constitution – Parts 11 (Contract Rules of Procedure) and Part 4 (Council Rules of Procedure) (C2969)**

The Committee considered a report (Agenda Item 8) to review and amend Parts 4 (Council Rules of Procedure), 11 (Contract Rules of Procedure) and 12 (Personnel Rules of Procedure) of the Constitution in light of legislative changes, policy changes and recent government guidance.

Following an internal audit of the management of the Constitution in 2010 it was noted that one of the responsibilities of the Finance and Governance Group was to have ownership of the Council's Constitution. The content of the Local Code of Corporate Governance stated that there would be an annual review of the operation of the Constitution.

This report proposed amendments to Parts 4 (Council Rules of Procedure), 11 (Contract Rules of Procedure) and 12 (Personnel Rules of Procedure) in light of legislative changes, policy changes and recent government guidance. The amendments to Part 11 of the Council's Constitution (Contract Rules of Procedure) were required to implement the Public Contracts Regulations 2015. Several amendments were also proposed to Part 11 which were necessary to comply with the Public Contracts Regulations 2015, practices and procedures. The purpose of Part 11 was to set minimum rules and should not be treated as a guide to Procurement within the Council. It set out the rules governing contracts in accordance with the aforementioned Act.

Following on from the publication of new regulations on local authorities' disciplinary procedures for removing a senior statutory officer, The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 (SI 2015/881) the Council was required to amend its Constitution in order to incorporate the new arrangements for taking disciplinary action against the most senior Council staff. The modification had to be made by the first ordinary Council meeting held after the 7th May 2015 elections.

The report set out in detail the changes which it was proposed should be made to the Constitution.

(Note: Councillor Swift Hook left the meeting at 7.26pm)

RESOLVED that Council be requested to approve the proposed amendments to Parts 4 (Contracts Rules of Procedure), 11 (Contract Rules of Procedure) and 12 (Personnel Rules of Procedure).

(The meeting commenced at 5.00pm and closed at 7.36pm)

CHAIRMAN

Date of Signature

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GOVERNANCE AND AUDIT COMMITTEE

MINUTES OF THE MEETING HELD ON TUESDAY, 19 MAY 2015

Councillors Present: Steve Ardagh-Walter, Jeff Beck (Vice-Chairman), Paul Bryant, James Cole, Lee Dillon, Anthony Pick and Quentin Webb (Chairman)

Apologies for inability to attend the meeting: Councillor Sheila Ellison

PART I

1. Election of Chairman

RESOLVED that Councillor Quentin Webb be elected Chairman of the Governance and Audit Committee for the 2015/16 Municipal Year.

2. Appointment of Vice-Chairman

RESOLVED that Councillor Jeff Beck be elected Vice-Chairman of the Governance and Audit Committee for the 2015/16 Municipal Year.

(The meeting commenced at 8.22pm and closed at 8.24pm)

CHAIRMAN

Date of Signature

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Governance and Audit Committee Forward Plan May 2015 –May 2016

No.	Ref No	Item	Purpose	Lead Officer	Lead Member	Governance/ Audit
22 June 2015						
1.	C	Changes to the Constitution	To review and amend parts of the Constitution if required following discussion at the Finance and Governance Group	David Holling	Leader of the Council	Governance
2.	C2987	Changes to Governance Arrangements	To present the recommendation to create a Governance and Ethics Committee in place of the Governance and Audit Committee and Standards Committee.	Moira Fraser	Leader of the Council	Governance
24 August 2015						
3.	C	Changes to the Constitution	To review and amend parts of the Constitution if required following discussion at the Finance and Governance Group	David Holling	Leader of the Council	Governance
4.	GA	Annual Internal Audit Report 2014/15		Ian Priestley		Audit
5.	GA	Annual Governance Statement 2014-15	To review the Annual Governance Statement	Ian Priestley		Audit
6.	GA	Annual Governance Statement - Statement in Support by the Section 151 Officer	To provide evidence and independent verification of governance matters which may impact on the Annual Governance Statement from the viewpoint of the Section 151 Officer.	Andy Walker		Audit
7.	GA	Annual Governance Statement - Statement in Support by the	To provide evidence and independent verification of	David Holling		Audit

No.	Ref No	Item	Purpose	Lead Officer	Lead Member	Governance/ Audit
		Monitoring Officer	governance matters which may impact on the Annual Governance Statement from the viewpoint of the Monitoring Officer.			
8.	GA	KPMG Opinion		Ian Priestley		Audit
9.	GA	West Berkshire Council Financial Statements 2014/15		Andy Walker		Audit
23 November 2015						
10.	C	Changes to the Constitution	To review and amend parts of the Constitution if required following discussion at the Finance and Governance Group	David Holling	Leader of the Council	Governance
08 February 2016						
11.	C	Changes to the Constitution	To review and amend parts of the Constitution if required following discussion at the Finance and Governance Group	David Holling	Leader of the Council	Governance
12.	C	Amendments to the Constitution - Scheme of Delegation	To review and amend sections of the Scheme of Delegation in light of legislative changes and current practice.	David Holling	Leader of the Council	Governance
13.	GA	Internal Audit - Interim Report 2015-16	To update the Committee on the outcome of internal audit work.	Ian Priestley		Audit
25 April 2016						
14.	GA	Internal Audit Plan 2016/17	To outline the proposed internal audit work programme for the next three years	Ian Priestley	Finance, Economic Developme	Audit

No.	Ref No	Item	Purpose	Lead Officer	Lead Member	Governance/ Audit
15.	GA	External Audit Plan 2015-16	To provide Members with a copy of the External Audit Plan for 2015-16.	Ian Priestley	Finance, Economic Development, Health & Safety, Human Resources, Pensions, Property	Audit
16.	C	Changes to the Constitution	To review and amend parts of the Constitution if required following discussion at the Finance and Governance Group	David Holling	Leader of the Council	Governance

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Agenda Item 5.

Title of Report:	Changes to Governance Arrangements
Report to be considered by:	Standards Committee on 22 June 2015 (Virtual Meeting) Governance and Audit Committee on 22 June 2015 Council on 2 July 2015
Forward Plan Ref:	C2987

Purpose of Report: To present the recommendation to create a Governance and Ethics Committee in place of the Governance and Audit Committee and Standards Committee.

Recommended Action:

1. To consider amalgamating the Governance and Audit and Standards Committees to form the Governance and Ethics Committee.
2. To delegate authority to the Monitoring Officer to amend the Constitution (including the terms of reference) to reflect any merging of the Standards Committee and the Governance and Audit Committee if Members are minded to approve it.
3. To delegate authority to the Head of Strategic Support to amend the Timetable of Meetings for 2015/16 if Members are minded to approve the merging of the two Committees.

Reason for decision to be taken: At the request of Corporate Board

Other options considered: Not to amalgamate the Committees

Key background documentation: West Berkshire Council Constitution
Annual Standards Committee Report
Minutes of Standards Committee (20.04.2015)
Minutes of Governance and Audit Committee (27.04.2015)

Published Works: Localism Act 2011
Local Government Act 1972
Local Government Act 2000

The proposals will help achieve the following Council Strategy aim:

CSA5 – Become an even more effective Council

The proposals contained in this report will help to achieve the above Council Strategy aim by:

Ensuring that the Council's governance arrangements are streamlined

Portfolio Member Details	
Name & Telephone No.:	Councillor Gordon Lundie – Tel (01488) 73350
E-mail Address:	glundie@westberks.gov.uk
Date Portfolio Member agreed report:	4 June 2015

Contact Officer Details	
Name:	David Holling
Job Title:	Head of Legal Services
Tel. No.:	01635 519422
E-mail Address:	dholling@westberks.gov.uk

Implications

Policy:	Will require changes to the Constitution and the terms of reference of the Governance and Ethics Committee if approved.
Financial:	The amalgamation of the two Committees would generate very minor savings (+- £300) arising from a reduction in expenditure on refreshments and Members Travel Allowances.
Personnel:	N/A
Legal/Procurement:	Will require the Constitution to be updated.
Property:	N/A
Risk Management:	N/A

Is this item relevant to equality?	Please tick relevant boxes		Yes	No
Does the policy affect service users, employees or the wider community and:				
• Is it likely to affect people with particular protected characteristics differently?			<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Is it a major policy, significantly affecting how functions are delivered?			<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Will the policy have a significant impact on how other organisations operate in terms of equality?			<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to functions that engagement has identified as being important to people with particular protected characteristics?			<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to an area with known inequalities?			<input type="checkbox"/>	<input checked="" type="checkbox"/>
Outcome (Where one or more 'Yes' boxes are ticked, the item is relevant to equality)				
Relevant to equality - Complete an EIA available at http://intranet/EqIA				<input type="checkbox"/>
Not relevant to equality				<input checked="" type="checkbox"/>

Is this item subject to call-in?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval		<input checked="" type="checkbox"/>

Executive Summary

1. Introduction

1.1 This report was previously considered by Corporate Board and latterly by the Standards Committee and the Governance and Audit Committee. While Corporate Board was supportive of the proposal it did not find favour with Members on either of the two Committee meetings. The workload of the Standards Committee has declined over the last few years. Officers have therefore been asked to look into merging the Governance and Audit and Standards Committees of the Council in order to streamline governance arrangements.

2. Proposals

2.1 It is proposed that:

- The two Committees are merged to form a Governance and Ethics Committee;
- A revised set of terms of reference of the Governance and Ethics Committee be adopted;
- The membership of the revised Governance and Ethics Committee to comprise ten members (eight District Councillors appointed on a proportional basis and two co-opted non-voting Parish/Town Councillors);
- The structure of agendas be arranged so as to ensure that the Parish Councillors would only need to attend the Standards element of the meeting;
- The Advisory Panel and Independent Persons to be retained;
- Members would not be able to sit on both the Advisory Panel and the Governance and Ethics Committee;
- To note that the role of the Independent Persons has already been updated to include the requirements set out in The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015;
- Authority be delegated to the Monitoring Officer to amend all relevant parts of the Constitution to reflect the new governance structure;
- Authority be delegated to the Head of Strategic Support to amend the timetable of meetings for 2015/16.

3. Equalities Impact Assessment Outcomes

3.1 This item is not relevant to equality.

4. Conclusion

4.1 Although the merger of the two Committees will not generate significant financial savings this merger will assist the Council with streamlining its governance arrangements. Council is therefore invited to accept and endorse Officer's recommendations to combine the Governance and Audit Committee and Standards Committee to create a Governance and Ethics Committee, as detailed above.

Executive Report

1. Introduction

- 1.1 This report was previously considered by Corporate Board (07 April 2015) and latterly by the Standards Committee (20 April 2015) and the Governance and Audit Committee (27 April 2015). While Corporate Board was supportive of the proposal it did not find favour with Members on either of the two Committees. The concerns raised by Members are set out in sections 7 and 8 below.
- 1.2 The Council, in its constitution, delegates its work in relation to challenge and independent assurance of the Risk Management Framework and associated internal control to the Governance and Audit Committee.
- 1.2 At present, the main roles of the Governance and Audit Committee are to challenge and provide independent assurance on the Risk Management Framework and associated internal controls of the Council, consider and make recommendations to the Council on proposed changes to the Constitution, review the Council's financial statements and review the external auditors' annual audit letter.
- 1.3 The Governance and Audit Committee met five times in the 2014/15 Municipal Year. This Committee currently comprises eight Members appointed on a proportional basis.
- 1.4 The main roles of the Standards Committee are promoting and maintaining high standards of conduct by Councillors and co-opted Members; assisting Councillors and co-opted Members to observe the Members' Code of Conduct; advising the Council on the adoption or revision of the Members' Code of Conduct; monitoring its operation; advising and training Councillors and co-opted Members on matters relating to the Members' Code of Conduct; granting dispensations to Councillors and co-opted Members on requirements relating to interests; ensuring arrangements are in place under which allegations of misconduct in respect of the members' Code of Conduct can be investigated, to review such arrangements appropriately; and to exercise the above in relation to the Parish and Town Councils in the District.
- 1.5 The Standards Committee also has a role in considering and recommending improvements to the relevant sections of the Constitution covering the conduct of Councillors and ethical standards of the Council.
- 1.6 The Standards Committee met five times in the 2014/15 municipal year; the first was to elect the Chairman and vice-Chairman and four subsequent meetings in the main to receive the quarterly Standards Reports. Two of these meetings were held virtually. This Committee currently comprises eight members comprising six District Councillors and two non-voting co-opted Parish Council representatives. The District Councillors are appointed on a proportional basis.
- 1.7 The number of complaints about Councillors has reduced over the last few years although the workload associated with dealing with and avoiding complaints by Officers is still high. In addition, due to introduction of the revised procedures in 2012, the number of complaints being investigated has reduced significantly. The Standards Committee is only required to consider complaints where the matter has

been investigated and a potential breach of the relevant Code of Conduct is identified by the investigator.

- 1.8 Due to the reduced workload of the Standards Committee it is proposed that the Governance and Audit and Standards Committees be merged to create a new Committee to be known as the Governance and Ethics Committee.
- 1.9 Following the enactment of the Localism Act 2011 the Council amended the Standards processes and procedures. The revised governance structures included the appointment of an Advisory Panel and it is proposed that this panel be retained.
- 1.10 Under Section 28 of the Localism Act 2011 the Council has to appoint at least one Independent Person who is consulted before any decision is made to investigate an allegation against any Member of the Council or any Parish Councillor. It is proposed that this arrangement is also retained.

2. Proposed Revised Terms of Reference

- 2.1 The purpose of the Governance and Ethics Committee will be to provide effective challenge across the Council including maintaining high standards of conduct and provide independent assurance on the risk management framework and associated internal control environment to Members and the public, independently of the Executive.
- 2.2 It is proposed that the functions of the Governance and Audit Committee and Standards Committee be combined to create the proposed terms of reference for the Governance and Ethics Committee set out in Appendix A.

3. Membership

- 3.1 It is proposed that, in line with the Governance and Audit Committee, the Governance and Ethics Committee shall consist of ten members comprising eight Councillors, reflecting the political balance of the Council and two co-opted non voting Parish/Town Councillors. The Parish Councillors would only be invited to attend the meeting when Standards matters were due to be discussed. Agendas would be structured so that Standards items would be considered at the start of the meetings in order that Parish Councillors would be able to leave the meetings at that point should they wish to. Members would not be able to sit on both the Governance and Ethics Committee and the Advisory Panel.

4. Independent Persons

- 4.1 Under Section 28 of the Localism Act 2011 the Council has to ensure it has appointed at least one Independent Person who is consulted before any decision is made to investigate an allegation against any Member of the Council or any Parish/Town Councillor. It was agreed at the Full Council meeting on the 27 September 2012 that the Independent Person may be consulted directly either by the person who has made the complaint or the person the complaint has been made about. Two Independent Persons were therefore appointed in order to ensure that a conflict situation did not arise. It is proposed that going forward three Independent Persons are appointed and they used on a rotational basis to assess complaints and support the Advisory Panel.

4.2 The extension of the role of the Independent Person to accommodate the requirements of The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 was confirmed at the May 2015 Council meeting. The role was expanded to include a requirement to sit on a panel where the potential dismissal or disciplining of the Head of Paid Service, Monitoring Officer or S151 Officer is discussed. This panel would make a recommendation to Full Council.

4.3 For the avoidance of doubt a person is not considered to be "independent" if:-

- a) They are or have been, within the last five years, an elected or co-opted Member or officer of the Council or of any Parish Council's within this area. This also applies to committees or sub-committees of the various Councils.
- b) They are a relative or close friend of a current elected, or co-opted, Member or officer of the Council or any Parish Council within its area, or any elected or co-opted member of any committee or sub-committee.
- c) The definition of relative includes the candidate's spouse, civil partner, grandparent, child etc.

5. Role of the Advisory Panel

5.1 The membership of the Governance and Ethics Committee would be appointed on a proportional basis. Current legislation excludes independent members and Parish Council representatives from sitting on Standards Committees. The Advisory Panel makes recommendations to Standards Committee in regards complaints and investigations about both District and Parish Councillors.

5.2 It is therefore proposed that the Governance and Ethics Committee would continue to be supported by the Advisory Panel for the following reasons;

- in order to minimise accusations of political bias;
- and as West Berkshire Council has responsibility for dealing with complaints against elected and appointed members of Parish/ Town Councils.

5.3 It is proposed that the current membership of the Advisory Panel comprising eight members be retained. This would include two members of the Administration, two members of the Opposition, two Parish and one of the Independent Persons and is chaired by the Independent Person.

5.4 Members of the Advisory Panel could not also be members of the Governance and Ethics Committee.

6. Savings

6.1 This amalgamation of the two Committees will generate a small saving (refreshments and travel for 4 meetings a year of approximately £300per annum).

7. Outcome of the Discussion of this Item at Standards Committee

7.1 This report was discussed at the Standards Committee at their meeting on the 20 April 2015 and they resolved that:

1. A recommendation be made to Full Council not to amalgamate the Governance and Audit and Standards Committees to form the Governance and Ethics Committee for the following reasons:
 - a. There was some uncertainty around the outcome of the election;
 - b. The impact of the introduction of the Community Infrastructure Levy particularly on Town and Parish Councils was unknown at this point in time;
 - c. The merger appeared to be based on administrative expediency rather than having a policy basis.
2. The decision to be reviewed in 12 months time.

8. Outcome of the Discussion of this Item at Governance and Audit Committee

- 8.1 This report was discussed at the Governance and Audit Committee at their meeting on the 27 April 2015 and they resolved that they needed more time to consider the implications of the amalgamation of the two Committees and a decision should be delayed until the July 2015 Council meeting.

9. Conclusion

- 9.1 The proposal to combine the Governance and Audit Committee and Standards Committee to create a Governance and Ethics Committee is approved.

Appendices

Appendix A – Proposed Terms of Reference of the Governance and Ethics Committee

Consultees

Local Stakeholders: Standards Committee and Governance and Audit Committee
Officers Consulted: Moira Fraser, Andy Day, Sarah Clarke, Joanna Reeves, Ian Priestley, Andy Walker, Corporate Board
Trade Union: Not consulted

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Appendix A to Changes to Governance and Audit Arrangements - Proposed Terms of Reference of the Governance and Ethics Committee

The roles and functions of the Governance and Ethics Committee are to:

1. Consider and make recommendations to the Council on proposed changes to the Constitution.
2. Consider any governance issues emanating from the Government and determine their effect on the Council's business and governance processes.
3. Review the effectiveness of the Council's Risk Management arrangements, the control environment and associated Anti Fraud and Corruption arrangements.
4. Seek assurance that action is being taken on risk related issues identified by auditors and inspectors.
5. Be satisfied that the Council's assurance statements (currently produced annually by all Heads of Service) and the Annual Governance Statement properly reflect the risk environment and any actions required to improve it.
6. Be satisfied that any Partnership that the Council enters into has robust Governance and Risk Management arrangements and that any risk to the Council from the Partnership is minimised.
7. Approve the Internal Audit Strategy and Plan (to ensure that there is adequate coverage) and monitor performance (assessing whether adequate skills and resources are available to provide an effective function).
8. Receive an interim and annual report from the Head of Internal Audit on work undertaken during the year.
9. To consider any issues brought to the attention of the Committee, or Chair and Vice-Chair, by the Chief Internal Auditor at any time during the year.
10. Consider reports of external audit and inspection agencies.
11. Ensure that there are effective relationships between external and internal audit and inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.
12. Review the financial statements, including the suitability of accounting policies and treatments, provisions or adjustments.
13. Review the external auditors annual audit letter, any other reports and opinion and monitor management action in response to issues raised. (Also comment on the external auditors planned work programme.)

14. Promote and maintain high standards of conduct by Councillors and co-opted Members;
15. Assist the Councillors and co-opted Members to observe the Members' Code of Conduct;
16. Advise the Council on the adoption or revision of the Members' Code of Conduct;
17. Monitor the operation of the Members' Code of Conduct;
18. Advise, train or arrange to train Councillors and co-opted Members on matters relating to the Members' Code of Conduct;
19. Grant dispensations to Councillors and co-opted Members on requirements relating to interests set out in the Members' Code of Conduct;
20. Ensure arrangements are in place under which allegations of misconduct in respect of the Members' Code of Conduct can be investigated and to review such arrangements where appropriate;
21. Exercise (15) to (21) above in relation to the Parish / Town Councils wholly or mainly in its area and the Members of those Parish / Town Councils;

Advisory Panel

1. The Governance and Ethics Committee shall be supported by an Advisory Panel of eight members comprising 2 members of the administration, 2 members of the opposition, 2 parish council representatives and 2 independent members (who shall not be Independent Persons)
2. The Advisory Panel shall be responsible for dealing with complaints where evidence of breach of the Code has been identified and shall report its findings to Standards Committee for formal decision.
3. The Advisory Panel shall be chaired by an Independent Member
4. The Advisory Panel will report its findings to the (name) Committee for formal decision.