

# DRAFT

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

## GOVERNANCE AND ETHICS COMMITTEE

### MINUTES OF THE MEETING HELD ON MONDAY, 5 SEPTEMBER 2016

**Councillors Present:** Jeff Beck (Vice-Chair, in the Chair), Graham Bridgman, James Cole, Barry Dickens, Lee Dillon, Anthony Pick and Quentin Webb

**Also Present:** Sarah Clarke (Legal Services Manager), Lesley Flannigan (Finance Manager: Financial Reporting), Julie Gillhespey (Audit Manager), Ian Priestley (Chief Internal Auditor) and Andy Walker (Head of Finance), Jo Reeves (Policy Officer)

**Councillor Absent:** Councillor Steve Ardagh-Walter and Chris Bridges

#### PART I

#### 4 Election of Chairman

*Councillor Jeff Beck in the Chair.*

Councillor Jeff Beck opened the meeting and announced that Councillor Rick Jones had been appointed to the Executive by the Leader of the Council and he had therefore resigned from the Governance and Ethics Committee.

Councillor Graham Bridgman advised that according to the Council's Constitution, the Committee did not have the power to appoint a new member to replace Councillor Jones. Sarah Clarke confirmed that this was correct. Councillor Bridgman proposed that the election of the Chairman be deferred until the next meeting, pending the announcement. This was seconded by Councillor Anthony Pick.

**RESOLVED that** Councillor Jeff Beck be elected the Chairman of the Governance and Ethics Committee for the meeting and Councillor Graham Bridgman be appointed Vice-Chair for the meeting.

#### 5 Minutes

The Minutes of the meetings held on 25 April 2016 and on 19 May 2016 were approved as a true and correct record and signed by the Vice-Chairman.

#### 6 Declarations of Interest

There were no declarations of interest received.

#### 7 Forward Plan

The Committee considered the Governance and Ethics Committee Forward Plan (Agenda Item 4).

Councillor Lee Dillon noted that several items were under David Holling's name who would be leaving the Council at the end of October. He asked who those reports would be attributed to subsequently. Sarah Clarke explained that it would be whoever was appointed as the Monitoring Officer.

**RESOLVED that** the Governance and Ethics Committee Forward Plan be noted.

#### 8 Update on Ethical Matters - Quarter 1 of 2016/17 (GE3089)

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The Governance and Ethics Committee considered a report (Agenda Item 6) which provided an update on ethical matters.

During Quarter 1 of 2016/17 no formal complaints were received by the Monitoring Officer. No dispensations were granted and a small number of gifts and hospitality were declared by District Councillors during Quarter 1 of 2016/17.

A small Task Group of Members had been set up to review West Berkshire Council's Code of Conduct. The revised documentation would be considered as a separate item at this meeting.

Parish and Town Council's had submitted a number of Register of Interest Forms where they have elected a new Chairman or Vice-Chairman or co-opted new Parish Councillors.

**RESOLVED** that the report be noted.

### **9 A new Councillors Code of Conduct (C3066)**

The Governance and Ethics Committee considered a report (Agenda Item 7) regarding a new Councillors Code of Conduct (the Code). A Task Group had been established to review the Code and found there had been no legislative changes which meant that the Code's content needed to be changed.

Their focus was to amend the presentation of the Code so it was clear in its definitions and guidance. They also were mindful that the Code would be read on electronic devices and suggested that this be borne in mind when reformatting it. The Code now consisted of a short summary document, with the detail in its appendices.

Councillor Graham Bridgman asked that thanks to Jo Reeves be recorded in the minutes, as she had put in a lot of work to reformatting the Code of Conduct and they had worked through it together. He identified some changes which would improve consistency, for example ensuring that references to gifts or hospitality 'received' be expanded to include gifts or hospitality 'offered'. The term 'Other Registrable Interests' had replaced 'Other Interests' for clarity and would need to appear consistently throughout the document. He also identified that paragraphs 1.2 and 1.3 of the Dispensations guidance would benefit from grammatical changes. In conclusion he hoped that the Committee did recommend the new Code's approval to the Council because it was easier to read and now very clear.

Councillor Beck endorsed thanks to Jo Reeves and also requested that thanks to Councillor Bridgman be recorded as he too had spent a lot of time in preparing the new Code.

Councillor Lee Dillon concurred with thanking Jo Reeves and Councillor Bridgman and noted that he had seen evidence of the detailed work that had gone into preparing the new version. He requested that acronyms in Appendix 5 be expanded for clarity of understanding.

**RESOLVED** that the Governance Ethics Committee recommend that the Council approve the new Councillor's Code of Conduct at its meeting on 15 September 2016.

*(Barry Dickens left the meeting at 18.19)*

### **10 Internal Audit Annual Report 2015/16 (GE3085)**

The Governance and Ethics Committee considered a report (Agenda Item 8) which summarised the results of the audit work undertaken in 2015/16. There was one weak audit for Contract Lettings – Legal Services. Although large contracts were well managed, the audit had found that procedures for smaller contracts were less robust. Ian

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Priestley noted that the 'Contracts Team' now consisted of one person, whereas there were previously five people in the team.

Councillor Lee Dillon asked whether it was standard procedure for requisitioners using Agresso to attach quotes. Julie Gillhespey advised that quotes were retained in the service area. Councillor Dillon suggested that it might be a useful control mechanism. Ian Priestley advised that budget managers were expected to look at quotes before approving a purchase order.

Councillor Jeff Beck asked whether the reduction in staff in the Legal Services Team might have an impact on the ability to monitor the Changes to the Contract Rules of Procedure to be discussed later on the agenda. Ian Priestley advised that although central monitoring had been reduced, Heads of Service and managers would be expected to monitor their contracts.

Sarah Clarke noted that the processes around large contracts were robust and it was the management of smaller contracts which carried more risk. Julie Gillhespey stated that the key issue was to identify the value of a contract in the first instance.

Councillor James Cole asked whether that section of the Council was understaffed. Ian Priestley advised that he would want more contract monitoring; moving control to service areas was a risk. Julie Gillhespey offered reassurance that Procurement Group reviewed contracts and offered the governance framework.

**RESOLVED** that the report be noted.

### 11 **Annual Governance Statement - Statement in Support by the Section 151 Officer (GE3086)**

The Governance and Ethics Committee considered a report (Agenda Item 10) which provided the supporting statement by the Section 151 Officer to the Annual Governance Statement for 2015/16. Overall it was the s151 Officer's assessment that all parts of the Council acted in accordance with the budgetary and policy requirements in connection with the setting of the budget and met financial administration standards as set out in legislation. There had been no formal reports required by the s151 Officer to Council under the relevant legislation. Andy Walker particularly drew the Committee's attention to paragraph 2.8 in the Supporting Information which explained that the Council would be facing a number of significant financial pressures in the coming years and would need to rely heavily on these frameworks in place to deliver a balanced budget for 2017/18.

**RESOLVED** that the report be noted.

### 12 **Annual Governance Statement - Statement in Support by the Monitoring Officer (GE3087)**

The Governance and Ethics Committee considered a report (Agenda Item 11) which provided the supporting statement by the Monitoring Officer to the Annual Governance Statement for 2015/16. Overall, the Monitoring Officer's view of the Council's governance arrangements was that they were robust and effective. The governance of the Council through the systematic review of the Constitution and the relatively low level of complaints indicates that there was little that needed attention if the current arrangements were followed. There had been no necessity to report formally to Council under Section 5 of the 1989 Act. Ethical matters were managed by the Governance and Ethics Committee.

Councillor Anthony Pick raised the issue that some Town and Parish Councils were unaware that they should seek advice from the Monitoring Officer before attempting to

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handle complaints internally. Sarah Clarke advised that the Council offered training to Town and Parish Councils and most clerks did contact the Monitoring Officer for advice.

Councillor Lee Dillon made reference to the requests for dispensations from Councillors which were reviewed by the Committee in 2015/16, particularly for the budget meetings, and noted that decisions had been made in different formats. For example some late requests had been considered via virtual meetings and the nature of the dispensations awarded was not consistent. Councillor Bridgman noted that the minutes of the meeting held on 25 April 2016 would make reference to this point and paragraph 4.3 of the Annual Governance Statement encompassed that issue.

**RESOLVED** that the report be noted.

### **13 Annual Governance Statement 2015-16 (GE3084)**

The Governance and Ethics Committee considered a report (Agenda Item 10) which presented the Annual Governance Statement 2015/16 and concluded that the Council had robust governance arrangements in place and continued to be able to deal effectively with issues identified in the annual review of these arrangements.

Councillor Pick, referring to the fourth bullet point under paragraph 3.1 of the statement, described the statement regarding engaging with stake holders as ambitious and questioned how this applied in relation with planning policy. Sarah Clarke advised that the consultations around planning policy were regulated by statute. The council's planning policy consultations had been robust and met the Council's legal obligations and own policy for consultations. Councillor Pick expressed the view that the Council was not always effective in its response to Town Councils.

Councillor Quentin Webb commented that the Annual Governance Statement included the full risk return, which had not been available the previous year, and noted that he was pleased to see its inclusion. Ian Priestley advised that Councillor James Fredrickson had been very helpful in ensuring they were returned.

Councillor Lee Dillon stated that he did not agree with the statement at paragraph 5.9 (2) of the summary report that "The Council's financial position remains challenging and further service reductions will be required over coming years in order to deliver a balanced budget." He expressed the view that this statement set out a strategy for the Council, was pre-deterministic and didn't anticipate any increased income. Councillor James Cole proposed that the word "will" be replaced with the word "may".

**RESOLVED** that the Annual Governance Statement be approved by the Committee.

### **14 West Berkshire Council Financial Statements 2015/16 including KPMG Opinion (GE3088)**

The Governance and Ethics Committee considered a report (Agenda Item 12) which presented the Financial Statements for 2015/16 and the KPMG External Audit Report 2015/16.

Ian Pennington introduced the report which identified that the financial statements were good quality and there were no issues. He corrected a point under the 'Judgements' section and noted that Reserves were rated at '4' last year and were now rated '5' so it was becoming more optimistic.

Councillor Quentin Webb noted that the report reviewed how effective the Council was at working with partners and enquired whether this included working with other Councils to provide shared services. Ian Pennington explained that it didn't, but did include working with various public and private sector organisations.

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Councillor Anthony Pick invited a perspective on the Council's reserves. Ian Pennington responded that reduced reserves was a symptom of financial pressures and provided a smaller buffer against risks. Councillor Pick asked if the council should seek to increase its reserves; Ian Pennington advised that it would be hard in tough times to increase reserves.

Councillor Graham Bridgman raised the point of Titles of Assets and asked whether the Council knew what assets were held by the other Berkshire local authorities. Andy Walker explained that when Berkshire County Council was dissolved in 1998 into six unitary authorities, land assets were categorised and if sold within 40 years, there was an agreement that proceeds would be shared with the other authorities. If any local authority attempted to sell one of these assets, the land charges search would reveal there was a restriction. A piece of work led by John Ashworth, Corporate Director for Environment, was being undertaken to audit these assets.

Councillor Beck thanked officers and KPMG for giving the Council a 'clean bill of health'.

**RESOLVED** that the Financial Statements 2015/16 be approved.

### 15 **Changes to the Constitution - Part 11 (Contract Rules of Procedure) (C3134)**

The Governance and Ethics Committee considered a report (Agenda Item 13) which set out revised thresholds for the process of awarding contracts.

The recommendation at 2.2 of the summary report would be corrected to read 'to agree that any changes will come into effect on the *16th September 2016*.'

Councillor Anthony Pick asked whether the changes would prevent an officer or Portfolio Holder splitting one large contract into smaller contracts in order to avoid a higher threshold. Andy Walker advised that contract values were defined under Part 11.7 of the Contract Rules of Procedure and sought to prevent this occurring.

Councillor Graham Bridgman asked that the Total Contract Values defined in the first column of the table at paragraph 5.4 of the summary report (and in the main document at 11.4.4) the numbers flowed to the penny in order to avoid misinterpretation. He also suggested that as the column was titled 'Total Contract Values', this phrase did not need to be repeated down the table. He offered some proposed amendments to errors in syntax and noted that the change history needed to be updated.

Councillor Lee Dillon, referring to Part 11.7 of the Contract Rules of Procedure, asked whether a contract with an original value of £480k which then had a 'bolt-on' costing £25k added would be subject to the process for contracts at the higher threshold. Councillor James Cole invited KPMG's view on the matter. Ian Pennington offered the view that if there was a small variation to a contract which amounted to an increase in cost of only 2 or 3% of the total value, he would not be inclined to go through the whole process again as this could be managed through the service budget but a 10% increase should receive more formal approval. Sarah Clarke advised that a table at Part 11.11 described the exceptions to the procurement process and under Councillor Dillon's example, Procurement Board's permission would need to be sought. Councillor Dillon further asked whether this would make the contract award subject to call-in as it would then be a key-decision.

Councillor Bridgman proposed amendments to the document. Firstly, he proposed that the third column of the table at 11.5.2 be deleted as it described the same thing for each row and was not required. Secondly, he asked why 11.6 needed to make explicit that contracts for works, supplies and service should be tendered when those were the only types of contracts that the Council would be entering into. Ian Pennington explained that

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EU thresholds were different for works and services and they had been brought together in the new processes.

**RESOLVED that** the Governance Ethics Committee recommend that the Council approve the Changes to the Constitution – Part 11 at its meeting on 15 September 2016.

**16 Response to the Motion that the Council Investigates Webcasting (C3065)**

The Governance and Ethics Committee considered a report (Agenda Item 14) which outlined the response of the Webcasting Task and Finish Group to the Motion that ‘the Council investigated the cost and practicality of webcasting all Council, Executive and Committee meetings’.

The Task Group recommended that the Council should webcast meetings of particular public interest; that a Project Board should be formed to make arrangements to complete the repairs and acquire the equipment needed to webcast meetings in the Council Chamber and other locations; and that the Governance and Ethics Committee should develop a Webcasting Policy which would include a procedure for identifying meetings to be webcast as well as guidance for Members.

Councillor Quentin Webb confirmed that the task at hand had been completed.

Councillor Graham Bridgman advised that the total capital expenditure figure under ‘financial implications’ needed to be corrected to read ‘£80k’.

Councillor Lee Dillon recalled that at one of the task group meetings, the popularity of different committees had been discussed. He made the point that by webcasting meetings, more public interest might be generated. Jo Reeves suggested that in a few years time a review could be undertaken to establish whether webcasting had generated any further interest and whether the council’s approach would still be fit for purpose.

Councillor Dillon said that he would like a mechanism for members of the public to be able to request that a meeting was webcasted.

**RESOLVED that** the Governance and Ethic Committee note the report and recommend that the Council consider the report at its meeting on 15<sup>th</sup> September 2016.

*(The meeting commenced at 5.00 pm and closed at 6.48 pm)*

**CHAIRMAN** .....

**Date of Signature** .....