

**Report to the Audit and Governance
Committee**



**Epping Forest
District Council**

Report Reference: AGC-017-2014/15

Date of Meeting: 5 February 2015

Portfolio: Governance & Development Management.

Subject: Overview & Scrutiny Panel Framework Review – Recommendations.

**Responsible Officer: Simon Hill (01992 564249)
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Democratic Services: Gary Woodhall (01992 564470)

Recommendations/Decisions Required:

(1) That the Committee consider the recommendations of the Task and Finish Panel established to review the Council's Overview and Scrutiny framework, for the establishment of a new structure based on four 'Select Committees'.

Executive Summary

This report provides details of recommendations for the future structure of the Council's overview and scrutiny panel framework, as part of a review being undertaken by a Task and Finish Panel during 2014/15.

Reasons for proposed decision:

At certain stages during the review, it was possible that scrutiny arrangements for some functions within the responsibility of the Director of Governance might have implications for audit and governance matters or the terms of reference of the Committee.

Other options for action:

None. This report is presented at the specific request of the Audit and Governance Committee at its last meeting.

Report

1. In February 2014, the Overview and Scrutiny Committee established a new Task and Finish Panel to review the existing framework of the Council's scrutiny panels and make recommendations for how the structure could best complement the new management structure of the Council. The remit of the Task and Finish Panel is only to address the future structure of the scrutiny panel framework, and wider constitutional aspects or the operation of the Overview and Scrutiny Committee itself, are excluded from the scope of the review exercise.

2. An item was included in the agenda for the meeting of the Audit and Governance Committee held on 24 November 2014, to enable the Committee to formally participate in the review process and make appropriate comment to the Task and Finish Panel as part of the

evidence gathering phase of its review. The views of the Committee in respect of options being investigated by the Task and Finish Panel at that time, which included the possible combination of the Committee with the Standards Committee (as an 'Audit and Governance Select Committee'), included:

- the possible conflict of interest if audit issues and standards matters were to be considered by the same body;
- the importance of ensuring that members of the Audit and Governance Committee are separate from any involvement in Cabinet decision-making to uphold their monitoring role;
- the importance of recognising the difference between an audit committee and a standards committee, and why these should be maintained as separate bodies; and
- guidance issued by CIPFA regarding the relationship between audit and scrutiny and why these matters might best be kept separate.

3. The Task and Finish Panel considered the views of the Committee at its meeting on 25 November 2015 and agreed that the possible combination of the Audit and Governance Committee and the Standards Committee should be omitted from its recommendations as to the future structure of the overview and scrutiny framework. The decision of the Panel in this respect had regard to the need to ensure the continued independence of audit and governance matters from the Council's executive and scrutiny functions. Members also fully accepted that more detailed work would need to be undertaken on how any Audit and Standards Select Committee would operate, than had so far been possible. The Panel requested however, that general member views on any future possible combination of the Audit and Governance Committee and the Standards Committee should be sought as part of the consultation undertaken in respect of its preferred overview and scrutiny framework option.

4. Although feedback arising from this consultation exercise indicated that the combination of the Audit and Governance Committee and the Standards Committee was not generally supported by members, the Panel noted that it might be necessary to review the operation of the Audit and Governance Committee at some point in the future, to address the requirements of the Local Audit and Accountability Act 2014. Although no legal impediment has been identified to prevent the Council from combining the two committees if this was desired, the Panel was mindful of the Act, which changes the way in which the Council's external auditors are appointed, and considered that there might therefore be a need to review the terms of reference of the Audit and Governance Committee in the future.

5. At its meeting on 15 January 2015, the Task and Finish Panel agreed that the following matters be recommended to the Overview and Scrutiny Committee on 10 February 2015 with regard to the future structure of the overview and scrutiny panel framework:

(a) the establishment of a new overview and scrutiny framework of four 'select committees' (attached as Appendix 1), with no increase in the number of members appointed to each select committee (i.e. remaining at 11 Councillors in accordance with pro-rata provisions);

(b) the re-establishment of the existing Constitution and Member Services Scrutiny Panel as a new 'Constitution Working Group' and the appointment of existing members of the Scrutiny Panel to the Working Group (wherever possible);

(c) no action to be taken at the present time with regard to the possible combination of the Audit and Governance Committee and the Standards Committee but that, if necessary, a further Task and Finish Panel be established in future to consider such combination in light of new legislative audit requirements;

(d) the development of focused and achievable work programmes for each select committee each year, drawing on Portfolio Holder and service delivery aims and objectives, and relevant community priorities; and

(e) the enhancement of current training arrangements for members in respect of overview and scrutiny, including the use a variety of appropriate techniques and methodologies in the undertaking of future scrutiny and service review activity.

6. The select committee framework recommended by the Task and Finish Panel is substantially aligned with the Council's current management structure. The proposed framework improves current arrangements that appear to have resulted in a situation where not all service areas are subject to scrutiny (if required) or allocated to a particular panel for scrutiny purposes.

7. The development of annual work programmes for each select committee, informed by relevant service aims and priorities, is a key feature of the new framework. To further address the concerns previously expressed by the Audit and Governance Committee, the lead officer (when designated) for the Governance Select Committee will need to ensure clear demarcation between those matters that are to be considered by the Select Committee and those that are within the clearly defined responsibilities of the Audit and Governance Committee.

8. The framework provides for relevant scrutiny activity to be undertaken by way of the creation of task and finish panels (as necessary), would ensure that all services have a 'reporting' route for overview and scrutiny and that there is clear scope to the scrutiny activities of each Committee. The new framework arrangements will include enhanced member training, particularly in the use of techniques to improve scrutiny activities

9. The proposed framework also provides for the existing Constitution and Member Services Scrutiny Panel to be re-established as a Working Group, in order to complete the ongoing review of the Constitution. At this point, relevant future related workload could be transferred to the new Governance Select Committee. The Panel is recommending that the Constitution Working Group should report directly to the Council and that a Special Responsibility Allowance be investigated for the Chairman of the Working Group.

10. The adoption of the proposed new overview and scrutiny framework is not a matter reserved to the Council. However, the Task and Finish Panel is recommending that, subject to the agreement of its recommendations, the Council formally be advised of the future overview and scrutiny structure in view of the likely wider member interest in the establishment of the new framework.

11. The Committee is requested to consider the proposed select committee framework recommended by the Task and Finish Panel. The Chairman of the Task and Finish Panel, Councillor K. Angold-Stephens, will attend the meeting to present this item on behalf of the Panel. The views of the Committee in this respect will be presented to the Overview and Scrutiny Committee at its meeting on 10 February 2015.

Resource Implications:

It is anticipated that the operation of the proposed new overview and scrutiny framework can be met from existing resources.

Legal and Governance Implications:

There are no legal implications or Human Rights Act issues arising from the recommendations of this report.

Safer, Cleaner, Greener Implications:

There are no implications arising from the recommendations of this report in respect of the Council's commitment to the Climate Local Agreement, the corporate Safer, Cleaner, and Greener initiative, or any crime and disorder issues within the District.

Consultation Undertaken:

This report is presented at the specific request of the Audit and Governance Committee. Consultation on a preferred option for the future structure of the Council's overview and scrutiny panel framework has been undertaken with all members and relevant senior officers.

Background Papers:

None.

Risk Management:

Failure to have considered best practice in terms of audit and governance matters could have had negative implications for the Council's reputation and for judgements made about the governance of the authority.