

29 February 2024

ITEM: 7

Standards and Audit Committee

Future Arrangements for the Standards and Audit Committee

Wards and communities affected:

N/a

Key Decision:

N/a

Report of: Matthew Boulter, Head of Democratic, Member and Scrutiny Services

Accountable Assistant Director: N/a

Accountable Director: Asmat Hussain, Interim Director of Law and Governance

This report is Public

Executive Summary

This report outlines the options available to the Council in separating the Standards and Audit Committees into two committees.

1. Recommendation(s)

1.1 To consider the options set out in this report and recommend a preferred option for inclusion in the Annual Council report on committees, of either keeping the current joint arrangement or to separate the two functions into two committees.

1.2 If the functions are split, to agree that the remit of the current Member Training Sub-Committee be taken back into the parent Standards Committee from 2024/25.

2. Introduction and Background

2.1 At Governance Recovery Board (GRB) in August 2023, it was raised whether the Standards and Audit committee should be two separate committees.

2.2 Councils are able to host separate or joint committees in relation to these functions. The below table sets out the arrangements in neighbouring authorities or comparative unitary authorities.

Council Name	Committee Structure	Size of Committee
Southend Council (Unitary)	Two Separate Committees. Standards	Standards Committee: 8

	Committee meets twice a year. Audit Committee meets four to five times a year.	Elected Members, 2 Independent Persons & 2 Town Councillors Audit Committee: 9 Elected Members & 1 Co-optee
Essex County Council	Combined Audit, Governance and Standards Committee meeting roughly 4 or 5 times a year.	Size of Committee: 10 Members & 1 co-optee
Medway (Unitary)	A stand alone Audit Committee (meets 4 times a year) with a collection of panels covering standards duties including an Independent Persons Panel and Disciplinary Panels.	Standards Committee: 8 Elected Members Audit Committee: 5 Elected Members
Swindon (Unitary)	Separate meetings for Standards and Audit functions, both meeting up to four times a year each.	Standards Committee: 10 Elected Members, 2 Lay Members & 5 co-optees Audit Committee: 6 Elected Members

- 2.3 The draft terms of reference for two separate committees are attached at the appendix to this report.
- 2.4 Separating the two functions into two committees would require a report to Full Council to gain consent from the Chamber to amend the committee structure and constitution. This would be done through the annual committee structure report presented at Annual Council in May 2024.
- 2.5 Senior Leadership Team (SLT) reviewed this issue at its meeting on 13 September and supported the separation of the two functions with the view that:
- It supported the recovery journey of the council.
 - The arrangement could be reversed in the future if there was a need to do so.
 - That the risks to resources and capacity of both officers and Members is managed to ensure the separation does not cause an overload of work and therefore lead to poor decision making.

3. Issues, Options and Analysis of Options

- 3.1 Separating the committees gives the Council and Members the opportunity to focus meetings on specific items within each function and potentially allow for greater opportunity for Members to develop specialisms. In light of the findings of the Best Value Report, there is a case to suggest that splitting the two functions will allow the audit committee more capacity to deal with the detailed work expected of it in light of improvement activity. Likewise, the split will allow more focus on standards matters.
- 3.2 There would be a clear resource implication in separating the two functions both for officer support and Members themselves. At present the joint committee meets four times a year. If two committees met quarterly then the number of meetings would double from 4 to 8. The joint committee has established a Member Training Sub-Committee which, if it met 3 times a year would see the meetings relating to the Standards and Audit function increase from 4 in 2023/24 to 11 in 2024/25. This would increase support requirements needed from Democratic Services, as well as engaging up to 17 Members across the three committees.
- 3.3 Section 3.2 can be considered in the light of the increasing total hours committees meet throughout a municipal year, which is evidenced in the hours spent webcasting meetings:
- 2020-21 = 125 hours
 - 2021-22 = 80 hours (this figure is affected by non-use of Public-I due to the council chamber being inaccessible)
 - 2022-23 = 154 hours
 - June to August 2023 = 40 hours already registered.
- 3.4 If separate arrangements are pursued, officers and Members will need to consider the above implications and rationalise the number of meetings to fit with the resources available in order to deal with business efficiently. The current draft meetings calendar acknowledges this and has catered for 3 Standards Committee meetings, 4 Audit Committee meetings and no sub-committee meetings. Creating a separate Standards Committee would free up the capacity of this committee to look at Member Training, so the Member Training sub-committee could be taken back into the parent Standards Committee which would reduce the number of projected meetings.

4. Reasons for Recommendation

- 4.1 This report sets out the options and impacts of separating the two functions into two committees.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 Members will be consulted in the appropriate committees and forums in due course.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 Both Standards and Audit functions are statutory requirements of the Council and it is a local choice how those functions are discharged through the committee process. The Council must ensure both functions are undertaken to the highest quality but also in an efficient manner to accord with the available resources of the Council.

7. Implications

7.1 Financial

Implications verified by: **Rosie Hurst**
Interim Senior Management Accountant
(13/12/23)

Separating the Standards and Audit Committee into two separate meetings may have a financial impact by requiring further staffing resources to support any increase in the number of meetings over a year. A Democratic Services Officer is a Band E post with a starting salary of £47,905 per annum including oncosts. If the separation of the two functions increased the total committee meetings of the council per year beyond the current capacity of the team, further staffing might be requested based on the above post cost.

There may also be an increase in Member allowances should the Council subsequently decide to pay two special responsibility allowances for chair positions where there is currently only one. This would potentially see costs increase from £2,399 per year to £4,798 per year, although this would be subject to recommendations by the Independent Remuneration Panel and ultimately a Members' decision at Full Council. The overall financial impact would be reliant on the form, regularity and nature of the two committees, if constituted

7.2 Legal

Implications verified by: **Jayne Middleton-Albooye,**
Interim Head of Legal Services and Deputy
Monitoring Officer (13/12/23)

The Accounts and Audit Regulations 2015 (as amended) require the Council to ensure that it has a sound system of internal control which—

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(b)ensures that the financial and operational management of the authority is effective; and

(c)includes effective arrangements for the management of risk.

Pursuant to [Section 27](#) of the Localism Act 2011, the Council must:

- Promote and maintain high standards of conduct by its members and co-opted members.

Section 28(6) requires a relevant authority to have arrangements in place to deal with complaints that its code of conduct has been breached, including arrangements for:

- Complaints to be investigated.
- Decisions on allegations to be made.

There is no legal requirement for the Standards and Audit committees to be one committee as long as they are set up in accordance with the provisions of s.101 and s.102 Local Government Act 1972.

7.3 **Diversity and Equality**

Implications verified by: **Becky Lee**
Team Manager – Community Development & Equalities (13/12/23)

There are no direct diversity or equality implications.

7.4 **Other implications** (where significant) – i.e., Staff, Health Inequalities, Sustainability, Crime and Disorder, and Impact on Looked After Children

None

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

9. **Appendices to the report**

- Appendix 1 – Draft Terms of Reference for a Standards Committee and an Audit Committee.

Report Author:

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Head of Democratic, Member and Scrutiny Services

Legal Services