



Name of meeting: Corporate Governance and Audit Committee

Date: 24th September 2021

Title of report: Committee System Proposal

Purpose of report: Corporate Governance and Audit to appoint Local Government Association advisor

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	No
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)</u> ?	No
The Decision - Is it eligible for call in by Scrutiny?	No
Date signed off by <u>Strategic Director</u> & name Is it also signed off by the Service Director for Finance? Is it also signed off by the Service Director for Legal Governance and Commissioning?	Rachel Spencer-Henshall 16.09.21 Julie Muscroft 16.09.21
Cabinet member portfolio	N/A

Electoral wards affected: All

Ward councillors consulted: No

Public or private: Public

Has GDPR been considered? No GDPR implications

1. Summary

On 8th September 2021 Council approved the Corporate Governance and Audit Committee to determine the next steps in relation to the motion to consider a committee system governance model.

1.1 The first of those steps in accordance with Local Government guidance is to determine key issues when exploring and rethinking guidance as set out below:-

- **Planning:** what is the purpose of the work, how will you ensure the views of all interested parties are heard and how will you meet the democratic expectations of local residents?
- **Assessment:** how do you involve all members in policy development and integrate the public voice? What decisions are delegated to officers and how do you improve forward planning?
- **Design:** develop some principles for what an improved system might look like: member/officer relations, information sharing, councillors' role in performance/financial management.
- **Consider how you will get there.** What changes in culture and structure will be necessary? What are the structural options available?
- **Weigh up a formal change.** Is there a clear rationale for a governance change?

1.2 The CGA is asked to appoint an independent advisor Mark Edgell who is from the Local Government Association to work with Cllrs, beginning with an informal session of the committee to determine the next steps of the proposal and to establish a clear timetable.

1.3 Mark is a Principal Advisor to the Local Government Association, working with Councils in the Yorkshire and Humber Region, who's role includes providing advice and support to Councils on a variety of Governance and Leadership issues, including working alongside a number of Councils to assist and advise on the process of reviewing their model of governance. This experience and insight will be of benefit to the Council in the review process to be undertaken.

1.4 It is crucial when considering such an important proposal that all relevant stakeholders are engaged and the committee will have the support of an experienced and independent advisor during this process. The initial steps will be to ensure the key issues above, and milestones are clearly mapped.

- 1.5 This work will include exploring areas such as identifying relevant stakeholders, clear purpose and objectives, identifying the need for a working group or task and finish group, terms of reference, methodology and approach and sources of evidence, site visits or interviews from other local authorities, resource requirements.
- 1.6 Although the scope may seem clear from the motion it is necessary to ensure the key attributes of an effective governance structure is identified and what model would best suit the local authority.
- 1.7 At the outset it is important to design and plan the work taking into account the views of all Members with regard to the effectiveness of the current model; potential improvements to the current model; Member engagement within the current model; how any proposed new arrangements will better involve Councillors; and what principles should underpin any future governance arrangements.
- 1.8. Members' concerns and issues with the existing governance system and in support of governance change could be gathered from sessions or workshops. Similarly, the views of other organisations, could be sought including the views of residents.
- 1.9 Once there is a full understanding of these matters a governance system can be considered and evaluated. In addition, this approach can help identify areas that would not be addressed by a change of governance system and enable other action to be taken by the Council.

2 Information required to take a decision

Background

- 2.1 The Localism Act 2011 increased the governance options for local authorities as follows:
 - executive arrangements (leader & cabinet or directly elected mayor & cabinet);
 - a committee system; or
 - prescribed arrangements.

There are three main governance arrangements outlined below:-

Leader and Cabinet System

- 2.2 The decision-making structure operated by most councils, and the model currently run by Kirklees Council. The Leader is elected by full council for a term

determined by council and leads the cabinet. Councillors in the cabinet are appointed by the leader. Between two and nine councillors can be appointed to the cabinet.

2.3 Within Kirklees decisions are made by the whole cabinet. Some non-executive functions are reserved for committees (such as Planning or Licensing). The appointment of at least one overview and scrutiny committee is required under this system and Kirklees currently has one Overview Scrutiny Management Committee and 3 panels that sit below it. (Corporate, Economy and Neighbourhoods and Children's scrutiny panels)

2.4 Councils can adopt a **“hybrid” arrangement**. This is not a formal change of governance, and typically retains the leader and cabinet system but builds in a layer of committees advising and making recommendations to cabinet. For example the Constitution does provide for the provision of District/Area Committees. This change can occur at any time.

Directly elected Mayor and cabinet system

2.5 A directly-elected mayor is elected by local residents and holds office for four years. The mayor is additional to the elected councillors. A cabinet, of at least two and up to nine councillors, is appointed by the mayor who may (or may not) delegate decision-making powers. Some non-executive functions are reserved for committees (such as Planning or Licensing). The appointment of at least one overview and scrutiny committee is required under this system.

Committee System

2.6 Decisions are made by committees, which comprise members from all political groups. Committees receive briefings and commission reviews to develop policy. The Council appoints the committees and sets their terms of reference. Overview and scrutiny is optional under this model.

2.8 Since the introduction of the Localism Act a number of Council's have opted to make changes to their governance arrangements. This has included wholesale changes to the system of governance, development of hybrid models or bespoke changes to improve the operation and effectiveness of current arrangements. Whilst recognising that the drivers for change will be different for every authority, it will be necessary, to work with the independent advisor to discuss options whilst using his experience of other Councils.

Process for changing governance arrangements

- 2.8 The ability for the Council to change from one of the permissible forms of governance arrangements of a local authority to another is set out in Chapter 4 of the Local Government Act 2000 (as amended by the Localism Act 2011). Section 9KC of the Act is clear that a “resolution of a local authority” (a simple majority) is required in order for the council to make such a change in governance arrangements.
- 2.9 It should be noted, however, that a local authority may not then pass another resolution that makes a change from one to another of the permissible forms of governance arrangements ‘before the end of the period of 5 years’ beginning with the date the first resolution is passed, unless that change is by way of referendum. There is an expectation that any proposal to change the model of governance would need to be publicised and subject to a period of public consultation.
- 2.10 A resolution passed by the Authority to change from one of the permissible forms of governance arrangements to another will then be implemented only during- (a) the first annual meeting of the local authority to be held after the resolution to make the change in governance arrangements is passed, or (b) a later annual meeting of the local authority specified in that resolution.
- 2.11 There will be a significant amount of work required when rethinking governance models. Members have a key and central role in leading this process and being actively involved and taking an agile approach in managing, exploring and examining the key issues set out above by the Local Government Association.
- 2.12 Following initial discussions with Group Leaders it is proposed that as part of the first stage of the work Kirklees appoints Mark Edgell to work with the Corporate, Governance and Audit committee (CGA). They will have responsibility for working with the independent advisor from the Local Government Association. There will need to be an early informal meeting to discuss options with him using his experience from working with other authorities. This will enable the committee to set a clear timetable to progress the proposal. The work of the Independent Advisor will initially be undertaken as part of the Local Government Association’s ongoing support offer to local authorities.
- 2.13 A further update report and proposal with timelines will be brought back to Corporate Governance Audit committee, circulated as soon as the initial work with the advisor has been completed to update members and to set out a programme of work. It is acknowledged that the committee will need to meet more regularly to have oversight of this piece of work – formally and informally. This will need to be picked up in the timetable referred to above and having regard to the resource needed both internal and external to

support this work . The Committee will note that there is a desire from some Members to obtain clarity in respect of timeframes for the delivery of any potential new model.

3 Implications for the Council

3.1 Working with People

The Council's capacity to work effectively and to deliver all aspects of its corporate outcomes is underpinned by ensuring that it takes informed and transparent decisions with openness and accountability. The Council's choice of governance arrangements is fundamental to this. The decision-making structure of the Council should provide a framework of transparent accountability to users, stakeholders, and the wider community.

3.2 Working with Partners

No implications

3.2 Place Based Working

No implications

3.3 Climate Change and Air Quality

No implications

3.4 Improving outcomes for children

No implications

3.5 Other (e.g. Legal/Financial or Human Resources) Consultees and their opinions

There are likely to be resource implications to the review due to the scope of reviewing governance models, complexity and timeframe involved. It is necessary to instruct external advising and there may be need for additional legal support. The committee may recommend actions that have a financial implication, including an impact on the Members' Allowances Scheme, and these should be contained within the committee's findings.

A review of governance arrangements will need to ensure that the recommendations are in accordance with the Localism Act 2011 and other relevant legislation, particularly the Local Government Acts and the timeframes included therein.

Next steps and timelines

Subject to approval the Committee appoint Mark Edgell, Principal Advisor – Local Government Association, to arrange an informal meeting with the committee and set out the timetable for the key milestones and timetable of the work required.

Officer recommendations and reasons

- (i) That Corporate Governance and Audit committee appoint Mark Edgell, Principal Advisor – Local Government Association to advise and work with the Committee on the review process.
- (ii) That an informal meeting be arranged with the Committee to meet with Mark Edgell to discuss the key work areas, the timetable for the key milestones and timetable of the work required.

4 Cabinet Portfolio Holder's recommendations

Not applicable

5 Contact officer

Samantha Lawton, Head of Governance

6 Background Papers and History of Decisions

Not applicable

7 Service Director responsible

Julie Muscroft, Legal, Governance and Commissioning