

ASSEMBLY

28 February 2018

Title: Review of Council Governance Arrangements	
Report of the Cabinet Member for Finance, Growth and Investment	
Open Report	For Decision
Wards Affected: None	Key Decision: No
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Accountable Strategic Director: Fiona Taylor, Director of Law and Governance (and Monitoring Officer)	
Summary <p>This report presents a series of proposals from the Member-led Transformation Task Group to revise the Council's current committee governance arrangements in response to the findings from the Local Government Association (LGA) Corporate Peer Challenge of the Council in 2014 and the recommendations of the independent Growth Commission which published its report in 2016.</p> <p>The main changes to current committee arrangements relate to:</p> <ul style="list-style-type: none">• the creation of a single Overview and Scrutiny Committee, supported by Task and Finish Groups, to replace the existing structure of five themed Select Committees;• the creation of an Audit and Standards Committee, which combines the current responsibilities of the Standards Committee and the audit functions held by the Public Accounts and Audit Select Committee;• the renaming of the Development Control Board to the Planning Committee and a reduction in the membership from 19 to 10 Members, aimed at enabling more in-depth critical analysis of major development proposals;• the establishment of Policy Task Groups and the role of Member Champions under the remit of the Cabinet; and• reducing the term of Member appointments to the Pensions Committee from four years to two years. <p>The report also outlines plans by the Chief Executive to develop arrangements for improved public participation in Council meetings and work being led by the Director of Law and Governance to properly reflect the new service delivery models such as Be First and B&D Reside within the Council Constitution.</p>	

Recommendation(s)

The Assembly is recommended to:

- (i) Agree the new committee structure arrangements as detailed in section 2 of the report, as recommended by the Transformation Task Group, to take effect from the first meeting of the new Council following the Local Elections in May 2018;
- (ii) Note the establishment of Policy Task Groups and the formal creation of the role of Member Champions under the remit of the Cabinet;
- (iii) Authorise the Monitoring Officer, in consultation with the Leader of the Council, to make any further non-material changes to the new Articles;
- (iv) Note that amendments / additions to the Constitution to reflect the roles and responsibilities of Be First, B&D Reside and other Council-owned entities, as well as the internal governance arrangements relating to the Shareholder Panel and the Investment Panel as agreed by Cabinet, shall be implemented by the Monitoring Officer in accordance with the Constitution revision arrangements set out in paragraph 2.1, Part 7 of the Constitution;
- (v) Authorise the Chief Executive, in consultation with the Leader and the Cabinet Member for Community Leadership and Engagement, to develop arrangements for improved public participation in Council meetings for inclusion in the new Council Constitution;
- (vi) Agree the appointment of the Director of Policy and Partnerships as the Council's statutory Designated Scrutiny Officer; and
- (vii) Note that the new Council Constitution shall be presented for formal adoption at the Assembly on 23 May 2018.

Reason(s)

To implement the recommendations of the Transformation Task Group and assist the Council in meeting its priority of "a well-run organisation" through improved governance arrangements.

1. Introduction and Background

- 1.1 In July 2014, the Local Government Association (LGA) was invited to carry out a Corporate Peer Challenge of the Council, to assess the organisation's ability and capacity to deliver on its plans, proposals and ambitions. Following on from that, the Council commissioned an independent Growth Commission to review the Council's ambition to be London's growth opportunity, and to recommend how to maximise the contribution of the Borough and our people to the London economy.
- 1.2 A number of recommendations arose from those pieces of work which related to the Council's governance arrangements. These included:

- Reducing the cost of democracy in the context of the Council's Ambition 2020 transformation programme;
- The need for clearer Member and officer roles;
- Enabling Members to spend more time in their communities through a reduction in Council meetings;
- Aligning the Council's work programme with the Ambition 2020 transformation programme and Growth Commission recommendations.

1.3 To take that work forward a Cabinet Task Group, chaired by Councillor Haroon, was established in late 2015 to consider how Members' roles would change by 2020 through the creation of new Council service blocks and Council-owned companies, and in response to a reinvigorated growth agenda. The main priorities considered by the Task Group were:

- the findings of the LGA Peer Review in 2014;
- the need to align the new Council's new structures with Members' roles, including more involvement in developing Council policy;
- a more strategic focus on growth and development (i.e. planning matters).

1.4 The Task Group considered information including Member Role Profiles, benchmarked committee sizes across London and examined terms of reference for all committees, including attendance rates and outcomes (such as the number of reports produced). It also reflected on the evolving changes to the Council senior management structures and the internal governance arrangements, including the assurance and performance boards.

1.5 The Task Group made a number of recommendations for revising the Council's committee structure and wider governance arrangements, which included a streamlined overview and scrutiny structure and the establishment of Policy Task Groups which would enable non-Cabinet Members to have a greater involvement in strategic policy development and, at the same time, establish some succession planning for future Cabinet membership.

1.6 The decision was taken at that time to defer implementation of the recommendations until the 2018/19 municipal year, following the May 2018 Local Elections. This was primarily to enable the existing Select Committees to complete their work programmes, give time for the proposed new arrangements to be further developed and reviewed against best practice elsewhere and to ensure that all the arrangements would be fit for purpose within the context of the Council's emerging role as a commissioning body.

1.7 A new Transformation Task Group was established by the Leader in the summer of 2017 to consider and make recommendations on a number of aspects, one being to review the committee structure and wider governance proposals put forward by the earlier Task Group. The recommendations from that Transformation Task Group, which was also chaired by Councillor Haroon, form the basis of the proposals in this report.

2. Proposal and Issues

2.1 The proposals for the new Council following the May 2018 Local Elections are as follows:

2.2 The Assembly

- i) There will be five meetings each municipal year, as opposed to six under the current arrangements.
- ii) Combining the existing JNC Appointments and JNC Salaries & Conditions Panels and expanding the pools from which Cabinet and non-Cabinet Members are selected. This would give added flexibility in terms of potential appointees to sit on a Panel, although the total membership for each Panel meeting will continue to be up to four Cabinet Members, including the Leader who shall be Chair, and two non-Cabinet Members).

2.3 The Cabinet

- i) There shall be a new provision in the Constitution relating to the establishment of Policy Task Groups, appointed by the Leader in consultation with the Chief Executive, which builds on the successful arrangements that were put in place for a number of ad-hoc Task Groups since 2015, including those that reviewed the Council's governance arrangements. The role of the Policy Task Groups will be to:
 - Assist and advise the Leader and the Cabinet in the development of policy;
 - Consider reviews of any existing policies, strategies or plans of the Council;
 - Consider existing policies in the light of changes to legislation or national guidance;
 - Consider proposals for new Council policy;
 - Provide advice on policy direction.
 - Provide succession planning for Members aspiring to become future Cabinet Members
- ii) A new role of Member Champion will be created. Up to five Champions will be appointed to support the work of the Cabinet and promote and raise the profile for the cause for which they are a champion.

2.4 Overview and Scrutiny Committee

- i) A single Overview and Scrutiny Committee (O&SC) consisting of 10 Members, to replace the existing structure of five themed Select Committees. This would reflect the move away from the Council's departmental structure upon which the existing scrutiny structure was based when it was created in 2009 and give greater focus to the Council's role as a commissioning authority.
- ii) The O&SC will meet approximately every four weeks (except during the summer recess period).
- iii) The O&SC would have a programmed, thematic approach to each meeting, covering the Committee's statutory responsibilities in respect of crime and disorder, education and flood risk, as well as current and emerging issues affecting the Council and the local community.

- iv) Task & Finish Groups would carry out in-depth scrutiny and report back to the O&SC.
- v) A Sub-Committee would convene as necessary to consider valid Call-Ins of Cabinet key decisions and petitions from the local community.
- vi) The current Joint Overview and Health Scrutiny Committee (JHOSC) arrangements reflect earlier configurations of NHS services and historic patterns of patient flows. As new arrangements that stem from the Sustainable Transformation Plan (STP) planning footprint and the health economies within them (in our case Barking, Havering and Redbridge [BHR]) are embedded it may well be appropriate to develop different arrangements reflecting our ambition to integrate health and social care services and scrutiny arrangements into one over-arching JHOSC. If this cannot be resolved before May and given the scale of NHS transformational change and service changes affecting our residents, it will be necessary to have a separate Health Scrutiny panel.
- vii) The Chair of the O&SC will present an annual report to the Assembly.
- viii) The Director of Law and Governance shall be the lead support officer to the O&SC and the Director of Policy and Participation shall be the Council's Designated Scrutiny Officer, which reinforces the crucial role of effective scrutiny within the Council.

2.5 Audit and Standards Committee

- i) The audit responsibilities previously dealt with by the Public Accounts and Audit Select Committee will transfer into a combined Audit and Standards Committee (A&SC).
- ii) The A&SC will have a membership of eight Councillors and shall meet on a quarterly basis, with additional meetings arranged as necessary to fulfil the Council's statutory audit functions.

2.6 Planning Committee

- i) The current Development Control Board will be renamed the Planning Committee, to better reflect its role and purpose.
- ii) The Planning Committee will have a reduced membership of 10 Councillors, enabling it to give more in-depth critical analysis to the major development proposals for the Borough.

2.7 Pensions Committee

- i) The current Pensions Board will be renamed the Pensions Committee.
- ii) The current arrangement whereby the Cabinet Member for Finance, Growth and Investment is automatically appointed as Chair shall cease and the appointment of a remunerated Chair and Deputy Chair shall be decided at the Annual Assembly meeting.

- iii) The membership was previously appointed for a four-year term which, at the time, was considered appropriate in view of the extensive knowledge base that the Members needed to properly fulfil the Council's duty as administrator of the Pension Fund. Although that knowledge base is still required, it is felt appropriate to reduce the term of office to two years to give Councillors more flexibility with the committees that they wish to gain experience on.

2.8 Licensing and Regulatory Committee

- i) The current Licensing and Regulatory Board will be renamed Licensing and Regulatory Committee.

2.9 Employee Joint Consultative Committee

- i) The responsibilities of the Employee Joint Health, Safety and Wellbeing Committee will be absorbed into the Employee Joint Consultative Committee (EJCC) to avoid duplication of work.
- ii) Meetings of the EJCC will be convened as and when necessary in response to formal requests from either the Unions or the Council in line with agreed resolution procedures.

2.10 The arrangements for the Ceremonial Council, Health and Wellbeing Board and Personnel Board remain unchanged, although the arrangements for the Personnel Board shall be reviewed during 2019.

2.11 Attached at Appendix 1 to 6 are the revised committee Articles, including the detailed terms of reference, for the committees that are subject to material changes. The changes to those documents are shown in revision mode, with the exception of the Articles for the Overview and Scrutiny Committee and the Audit and Standards Committee which are presented as 'clean' documents due to the need to merge information from different sources.

2.12 The Chief Executive has also given a commitment to developing arrangements for improved public participation in Council meetings, for inclusion in the new Council Constitution. The Chief Executive shall develop the proposals over the coming months in consultation with the Leader and the Cabinet Member for Community Leadership and Engagement and present the proposals to the Assembly in May 2018.

2.13 Other ongoing work concerning the Council Constitution is the relationship, roles and responsibilities of the new service delivery models such as Be First, B&D Reside and other trading companies which are 100% owned by the Council. Although the Cabinet has agreed the creation of these entities and the arrangements for them to legally conduct business, the Constitution is largely silent on these aspects and the Council's role as shareholder. The Director of Law and Governance is, therefore, leading on a review to establish appropriate governance arrangements around these entities which would then be reflected in the Constitution.

3. Options Appraisal

3.1 A range of options were considered by the 2015 and 2017 Task Groups in the development of the above proposals.

3.2 The move away from the Select Committee structure to a single O&SC supported by Task and Finish Groups is the most significant change to the existing arrangements. With that in mind, an undertaking has been given to review the new arrangements after the first full year of operation to assess whether they are fit for purpose and meeting Members' expectations.

4. Consultation

4.1 The draft proposals have been discussed at senior management level and by Members.

5. Financial Implications

Implications completed by: Katherine Heffernan, Group Manager for Service Finance

5.1 The proposals in this report would achieve a small saving of between £4,700 and £9,400 for the Members' Allowances budget for 2018/19.

5.2 The Chief Executive has indicated, however, that he wishes to undertake a review of the Members' Allowances Scheme in advance of it being set for 2018/19. That review shall take account of factors such as the increased role and responsibilities of the Chair of the new Overview and Scrutiny Committee and the freeze on Members' basic and special responsibility allowances for the past nine years.

6. Legal Implications

Implications completed by: Dr. Paul Feild, Senior Governance Solicitor

6.1 All of the Council's statutory functions will continue to be fulfilled under the proposed new arrangements.

6.2 The Local Government Act 2000 requires Councils to produce, maintain and review the Constitution document as part of their good governance arrangements. The Constitution must contain the Council's Code of Conduct, as required by the Localism Act, together with standing orders, any other information as the Secretary of State may direct and such other information as the Council considers necessary.

6.3 It is a legal requirement that the Council ensures that copies of its constitution are available at its principal office for inspection by members of the public at all reasonable hours. Finally, the Council must supply a copy of its Constitution to any person who requests a copy and who pays to the authority such reasonable fee as the Council may determine.

7. Other Implications

- 7.1 **Risk Management** – In addition to the specific commitment to review the new O&SC arrangements after the first year, officers will continually monitor the impact and effectiveness of all the new arrangements and bring appropriate reports to the Assembly in the event that changes are required.
- 7.2 **Contractual Issues** – There are no specific implications.
- 7.3 **Staffing Issues** – There are no immediate staffing implications arising from the changes proposed in this report.
- 7.4 **Corporate Policy and Customer Impact** – The proposals in this report will have no direct impact on the local community, although the Chief Executive shall be developing plans, in consultation with the Leader and the Cabinet Member for Community Leadership and Engagement, for improved public participation in Council meetings which will be the subject of a report in due course.
- 7.5 **Safeguarding Children** - There are no specific implications.
- 7.6 **Health Issues** - There are no specific implications.
- 7.7 **Crime and Disorder Issues** - There are no specific implications.
- 7.8 **Property / Asset Issues** - There are no specific implications.

Public Background Papers Used in the Preparation of the Report:

- Growth Commission’s report “No-one left behind: in pursuit of growth for the benefit of everyone” (<https://www.lbbd.gov.uk/business/growing-the-borough/our-strategy-for-growth/overview-2/>)

List of appendices:

- Appendix 1: Articles – Assembly
- Appendix 2: Articles – Cabinet
- Appendix 3: Articles – Overview & Scrutiny Committee
- Appendix 4: Articles – Planning Committee
- Appendix 5: Articles – Pensions Committee
- Appendix 6: Articles – Audit and Standards Committee