

## **Council Meeting**

17<sup>th</sup> March, 2009

**Booklet 1**

Recommendation Minutes

# **INDEX TO MINUTES**

Standards Committee– 5<sup>th</sup> March, 2009

## **STANDARDS COMMITTEE**

**5<sup>th</sup> March, 2009**

Members Present:- City Council Members

Councillor D. Arrowsmith  
Councillor J. Gazey  
Councillor Mulhall

Independent Members

G. Allen  
D. Delieu  
C. Edden  
D. Jackson  
A. Patel  
B. Ray  
J. Willetts

Parish Councillors

D. Lilly

Employees Present:- H. Abraham (Head of Democratic Services)  
A. Burton (Finance and Legal Services Directorate)  
S. Mangan (Finance and Legal Services Directorate)  
J. McLellan (Customer and Workforce Services Directorate)

Apologies:- B. Shakespeare

### **RECOMMENDATIONS**

#### **37. Code of Corporate Governance**

The Committee considered a report of the Director of Customer and Workforce Services which sought approval to the adoption of the proposed Coventry City Council Code of Governance, as set out in the Appendix to the report.

The report had previously been considered by the Audit Sub-Group and a briefing note detailing the outcome of their consideration was also circulated. The Audit Sub-Group had requested that the inclusion of elected Members in the delegation arrangements proposed in recommendation 2.2 would provide a stronger level of oversight and governance and therefore recommended that that recommendation be amended by the insertion of the words shown in italics, so that it reads as follows:

"The City Council is recommended to adopt the proposed Coventry City Council Code of Governance and to delegate authority to the Head of Democratic Services, *in consultation with the Chair and Deputy Chair of the Audit Sub-*

**Group (or its successor body)**, to make any technical changes to the Code to ensure that it is kept up to date".

The Local Code had been prepared to meet the requirements of the CIPFA/SOLACE Governance Framework. The report detailed the framework and the proposed Coventry City Council Code of Governance which would become a key element of the Council's governance arrangements and the Annual Governance.

**RECOMMENDED that the City Council adopts the proposed Coventry City Council Code of Governance and delegates authority to the Head of Democratic Services, in consultation with the Chair and Deputy Chair of the Audit Sub-Group (or its successor body), to make any technical changes to the Code to ensure that it is kept up to date".**

**38. Proposed Amendment to the Constitution – Protocol for Dealing with "If Necessary" Council Meetings**

The Committee considered a joint report which outlined the proposed changes to the Constitution in relation to the procedural matters detailed in Part 8.

Prior to the start of each Municipal Year, Group Leaders were consulted on the proposed dates for Council Meetings. The dates follow a regular pattern each year and were arranged to ensure that the Council meets any statutory deadlines, for example the setting of the Council Tax and approval of the Statement of Accounts.

For a number of years, it had been the practice to identify two Council Meetings as "if necessary" in the Municipal Calendar. One of these meetings was at the end of March, the other being the first or second week of July. In the case of the March meeting, this was to ensure that there was an opportunity to consider any items that may require Council approval prior to the pre-election period. In the case of the July meeting, it is to ensure that there is an opportunity to consider any items that require Council approval prior to the start of the Summer holidays.

Whilst there was a provision in the Constitution to call Extraordinary Council Meetings at short notice should there be a need, it had been considered better practice and less inconvenient to Councillors to have these two Council meetings pencilled in the diary, rather than risking the need to call an Extraordinary Meeting at short notice.

In practice, neither the late March or early July dates had been used in recent years as there had been a regular meeting of the Council either one or two weeks prior to these dates. Where there had been no formal business which required approval to consider, it had been the practice, following consultation with the Lord Mayor and the Leader of the Council, to cancel the "if necessary" meetings.

Following consideration of this issue by the Constitution Working Group, which had a cross-party representation, it was proposed to insert the following protocol in Part 8.9 of the City Council's Constitution:-

"Where there is no formal Council Business to consider and approve (i.e. Recommendations or items for Consideration), in the annual Municipal Calendar may be cancelled, but only following consultation with the Lord Mayor and the Leader of the Council".

Concerns had been expressed that where these "if necessary" meetings were cancelled, there was a long period of time between the end of June and September Council meetings for the consideration of petitions. However, once a petition was received, a copy was immediately forwarded to the relevant Directorate who start to investigate the issue and prepare a report for the appropriate meeting. In reality, it can often take two months for the matter to be investigated and a report prepared. In addition, petitions do not have to be presented to a Council meeting, and could be submitted directly to the appropriate Cabinet Member or Committee.

**RECOMMENDED that the City Council approves the insertion of the following protocol in Part 8.9 of the City Council's Constitution:-**

**"Where there is no formal Council Business to consider and approve (i.e. Recommendations or items for Consideration), the Council Meetings identified as "if necessary" in the annual Municipal Calendar may be cancelled, but only following consultation with the Lord Mayor and the Leader of the Council."**

### **39. Proposed Amendment to the Constitution – Independent Audit Committee**

The Committee considered a report of the Director of Customer and Workforce Services which outlined a proposed change in respect of the Council's Audit Committee. The proposals were made in light of:

- An evaluation of recommended practice including:
  - CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) guidance entitled "Delivering Good Governance in Local Government".
  - CIPFA guidance entitled "Audit Committees – Practical Guidance for Local Government".
  - The Use of Resources Assessment produced by the Audit Commission.
- The results of a benchmarking exercise with 15 other local authorities around the operation of their Audit Committees.

As a result of guidance issued by CIPFA entitled "Audit Committees – Practical Guidance for Local Government" in 2005, local authorities were encouraged to review their arrangements in respect of Audit Committees to ensure that this function was given an appropriate priority, reflecting good governance arrangements. At that time, the role of the Audit Committee formed part of the remit of Scrutiny Board (1) and a decision was made to create a separate sub group to allow member time to be focused on audit related issues.

Since this decision was taken, there was clear evidence that the Audit Sub Group had provided effective challenge on areas around financial reporting, internal control and audit issues. Despite this progress, however, Coventry City Council still does not follow recommended practice in this area and therefore existing arrangements need to be reconsidered.

The recommended practice highlighted three critical aspects:-

- The Audit Committee should be a "stand alone" Committee of the Council
- The Chair of the Audit Committee should be free of executive or scrutiny functions
- Members should be sufficiently independent of any of the other key Committees of the Council

The Constitution Working Group considered this issue at its meeting on the 27<sup>th</sup> January, 2009. Based on consideration of this issue, including the recommended practice, the Constitution Working Group's view was that the Council should create and Independent Audit Committee.

It was therefore proposed to amend the Constitution by removing responsibility for audit arrangements from Scrutiny Board (1) (in the form of Scrutiny Board (1) – Audit Sub-Group) and setting up an Audit Committee from the start of the Municipal Year 2009/10, which would report directly to Full Council.

The Appendix to the report detailed the proposed Constitution and Terms of Reference for the Audit Committee with effect from May 2009.

The Committee discussed the appointment of independent members to the Audit Committee and felt that this should be worked towards and reviewed in the future.

**RECOMMENDED that the City Council amends paragraphs 2.6.7.7 and 4.5.2.3 and Part 6 of the Constitution relating to the functions of Scrutiny Board (1) – Audit Sub-Group as follows:-**

- (1) **That responsibility for audit arrangements be removed from Scrutiny Board (1) (in the form of Scrutiny Board (1) – Audit Sub-Group) and that an Audit Committee be established from the start of the Municipal Year 2009/10, which would report directly to Full Council, based on the Constitution and terms of reference as detailed in Appendix 1 to the report.**
- (2) **That the Chair and Deputy Chair of the Audit Committee should be free of executive functions and/ or not be a Chair/Deputy Chair of any of the Scrutiny Boards.**
- (3) **That with the exception of members of the Cabinet and the roles described in (2) above, the Council does not apply the recommendation that members of the Audit Committee should be sufficiently independent of the other key Committees of the Council.**
- (4) **That the Council defers the decision as to whether it should appoint independent members to the Audit Committee until after the new arrangements have been reviewed in 12 months time.**

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### Report to

Audit Sub-Group  
Standards Committee  
Council

18<sup>th</sup> February, 2009  
5<sup>th</sup> March, 2009  
17<sup>th</sup> March, 2009

### Report of

Director of Customer and Workforce Services

### Title

Adoption of Coventry City Council Code of Governance

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## 1 Purpose of the Report

- 1.1 This report seeks approval to the adoption of the proposed Coventry City Council Code of Governance, as set out in Appendix 1.

## 2 Recommendations

- 2.1 Audit Sub Group and Standards Committee are requested to consider the proposed Coventry City Council Code of Governance, as set out in Appendix 1, and recommend that the Code be adopted by the City Council.
- 2.2 The City Council is recommended to adopt the proposed Coventry City Council Code of Governance and to delegate authority to the Head of Democratic Services to make any technical changes to the Code to ensure that it is kept up to date.

## 3 Information/Background

- 3.1 The development of a Local Code of Governance for the Council is a new requirement arising from the "Framework for Delivering Good Governance in Local Government" published by the Society for Local Authority Chief Executives (SOLACE) and the Chartered Institute of Public Finance and Accountancy (CIPFA) in June 2007.
- 3.2 This framework is a discretionary code that is offered as good practice. However, part of the framework requires the publication of an Annual Governance Statement. This replaces the Statement on Internal Control, and this is a statutory requirement under The Accounts and Audit (Amendment) Regulations 2006.
- 3.3 The report addressed the actions that the Council should take to provide assurance that it was delivering good governance when measured against the CIPFA/SOLACE framework,

and the process associated with the preparation of an Annual Governance Statement for Coventry.

- 3.4 The report referred to the preparation by local authorities of "Local Codes of Corporate Governance". Whilst it was recognised that it was not necessary to have approved a local Code of Corporate Governance in order to prepare an Annual Governance Statement, this was seen as good practice.
- 3.5 The Head of Democratic Services was tasked to develop a Local Code of Governance for Coventry, including arrangements for its ongoing application and effectiveness.
- 3.6 The proposed Code was considered by the Constitution Working Group at their meeting on 27<sup>th</sup> January, 2009.

#### **4 Proposal and Other Option(s) to be Considered**

- 4.1 The proposed Coventry City Council Code of Governance is set out in Appendix 1.
- 4.2 The Local Code has been prepared to meet the requirements of the CIPFA/SOLACE Governance Framework. Paragraphs 4.3 to 4.9 below describe the Framework and how the proposed Coventry City Council Code of Governance will become a key element of the Council's governance arrangements and Annual Governance Statement.
- 4.3 Governance comprises the systems and processes, and cultures and values by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate leads the community.
- 4.4 Each Council will operate through a governance framework that brings together an underlying set of legislative requirements, governance principles and management processes. The CIPFA/SOLACE Framework is intended to be followed as best practice for developing a Local Code of Governance and for discharging accountability for the proper conduct of public business through the adoption of an Annual Governance Statement that should make the adopted practice more open and explicit.
- 4.5 The Framework defines the principles that should underpin the governance of each local authority body. It aims to provide a structure to help individual authorities with their own approach to governance.
- 4.6 The Framework outlines six core principles of good governance:
  - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
  - Members and officers working together to achieve a common purpose with clearly defined functions and roles.
  - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
  - Taking informed and transparent decisions, which are subject to effective scrutiny and risk management.
  - Developing the capacity and capability of Members and officers to be effective.
  - Engaging with local people and other stakeholders to ensure robust public accountability.
- 4.7 Authorities are required to test their structures against these principles by:
  - Reviewing existing governance arrangements against the Framework.
  - Developing and maintaining an up-to-date local code of governance, including arrangements for its ongoing application and effectiveness.



- Preparing a governance statement in order to report publicly on the extent to which they comply with their own code annually, including how they have monitored the effectiveness of their governance arrangement in the year, and on any planned changes in the coming period. The Council publish this in June each year as part of the Annual Statement of Accounts..

4.8 The degree to which the authority follows these principles should then be recorded in the Annual Governance Statement, which will be published alongside the Council's accounts for future years.

4.9 In order to ensure that the Code is kept up to date, it is proposed that the Head of Democratic Services be given delegated authority to make any amendments and corrections to the Code where such an amendment or correction is purely technical and does not materially alter the Code.

## 5 Other specific implications

	Implications (See below)	No Implications
Best Value		√
Children and Young People		√
Climate Change & Sustainable Development		√
Comparable Benchmark Data		√
Corporate Parenting		√
Coventry Sustainable Community Strategy		√
Crime and Disorder		√
Equal Opportunities		√
Finance		√
Health and Safety		√
Human Resources		√
Human Rights Act		√
Impact on Partner Organisations		√
Information and Communications Technology		√
Legal Implications	√	
Neighbourhood Management		√
Property Implications		√
Race Equality Scheme		√
Risk Management		√
Trade Union Consultation		√
Voluntary Sector – The Coventry Compact		√

## 5.1 Legal Implications

The development of a Local Code of Governance for the Council is a new requirement arising from the "Framework for Delivering Good Governance in Local Government" published by the Society for Local Authority Chief Executives (SOLACE) and the Chartered Institute of Public Finance and Accountancy (CIPFA) in June 2007.

## 6 Monitoring

- 6.1 The intention is that the Coventry City Council Code of Governance will be a "live document" reviewed regularly and at least annually alongside the preparation of the Annual Governance Statement. The code will be monitored by the Corporate Governance Group which is made up of senior council officers.. The proposed delegation detailed in Paragraph 4.9 above would ensure that the Code is kept up to date.

## 7 Timescale and expected outcomes

- 7.1 It is proposed that the Code is considered by the Audit Sub Group on 18<sup>th</sup> February 2009 and the Standards Committee on 5<sup>th</sup> March 2009. It will be submitted to the Council on 17<sup>th</sup> March 2009 for approval, and will come into operation with immediate effect.

	Yes	No
<b>Key Decision</b>		√
<b>Scrutiny Consideration (if yes, which Scrutiny meeting and date)</b>	√ <b>Audit Sub Group 18 February 2009</b>	
<b>Standards Committee (if yes, date of Standards meeting)</b>	√ <b>5 March 2009</b>	
<b>Council Consideration (if yes, date of Council meeting)</b>	√ <b>17 March 2009</b>	

List of background papers:

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Papers open to Public Inspection

**Description of paper**

"Framework for Delivering Good Governance in Local Government" published by the Society for Local Authority Chief Executives (SOLACE) and the Chartered Institute of Public Finance and Accountancy (CIPFA) in June 2007.

**Location**

Room 59, Council House

**COVENTRY CITY COUNCIL**

**CODE OF CORPORATE GOVERNANCE**

**2008/09**

## CODE OF CORPORATE GOVERNANCE

Governance is about organisations ensuring that they are doing the right things in the correct manner for the right people in a timely, open, honest, inclusive and accountable manner.

It follows that good governance leads to good management, performance, public engagement, stewardship of public money and, through all this, good outcomes for citizens and service users. Good governance also enables the Council to pursue its vision effectively as well as reinforcing that vision with the mechanisms for control and management of risk.

Coventry City Council has put a lot of effort into ensuring that its arrangements for governance are robust and meet good practice. This Code of Corporate Governance brings all of its practices together in one document, making them open and explicit.

*Ken Taylor*

Councillor Ken Taylor  
Leader of the Council

*Bev Messenger*

Bev Messinger  
Acting Chief Executive / Director of  
Customer and Workforce Services

### Introduction

All of the decisions made by Coventry City Council about what services it delivers and how to deliver them are supported by a whole set of systems and processes which make up the council's 'governance arrangements'. These include holding meetings where decisions are made, the council's legal framework, setting out priorities and roles clearly, holding decision makers to account through scrutiny, risk management processes, financial monitoring and ensuring high standards of conduct.

Local authorities are being encouraged to demonstrate how they ensure effective governance arrangements by setting these out in a local code of governance.

Coventry City Council is seeking to adopt a 'Code of Corporate Governance' in 2009. The Code will be based on the 2007 guidance "Delivering Good Governance in Local Government". from CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives).

The Council is adopting this Code of Corporate Governance to give citizens and customers a clear understanding of how the council manages its decision making, service planning, service delivery and accountability processes, how it ensures that the council sets out its vision and priorities, and how it provides effective and efficient outcomes to its citizens and customers.

This document contains:

- 1: The six principles of good corporate governance**
- 2: How Coventry City Council meets the principles of good corporate governance**
- 3: Key policies and procedures**

## 1: The principles of good corporate governance

The national guidance on 'Delivering Good Governance in Local Government' (CIPFA/SOLACE, 2007) suggests that there are six principles of good governance for local authorities. This Code of Corporate Governance for Coventry City Council adopts these principles, which are set out below. Section 2 outlines how the City Council meets the requirements of each principle.

### **Principle 1:**

Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area.

### **Principle 2:**

Members and officers working together to achieve a common purpose with clearly defined functions and roles.

### **Principle 3:**

Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

### **Principle 4:**

Making informed and transparent decisions which are subject to effective scrutiny and managing risk

### **Principle 5:**

Developing the capacity and capability of members and officers to be effective

### **Principle 6:**

Engaging with local people and other stakeholders to ensure robust public accountability

The Code of Corporate Governance has been approved by the **Council's Standards Committee on 5<sup>th</sup> March 2009 and ratified by the Council on 17<sup>th</sup> March 2009**. This code will be reviewed and updated every 2 years by the Council's Constitution Working Group.

The Council will demonstrate how the policies and procedures identified within the Code of Corporate Governance are operating effectively within its Annual Governance Statement and monitored through external assessment and within the Council's self assessment for the Organisational Assessment which forms part of the Comprehensive Area Assessment.

## 2: How Coventry City Council meets the principles of good corporate governance

This section sets out how Coventry City Council works to the six principles of good corporate governance.

### Principle 1: Focusing on the purpose of the Council and on the outcomes for the community and creating and implementing a vision for the local area.

#### Summary:

The long term vision and outcomes for the city are set out in "*Coventry the next twenty years*" the Coventry Sustainable Community Strategy (SCS) which was adopted by the council in March 2008 and was produced by The Coventry Partnership, the local Strategic Partnership. The Coventry Partnership is made up of public, private, community and voluntary sector organisations and includes councillors. The Coventry Local Area Agreement 2008 – 2111 (LAA) sets out short term priorities for Coventry that will deliver the Sustainable Community Strategy and has been agreed with central government.

Coventry City Council has a three year Corporate Plan which sets out both how the council will deliver the city's vision and outcomes in the SCS and the priorities in the LAA. It also sets a series of Management Objectives for the council to ensure that it is an organisation that is able to deliver agreed outcomes and priorities. The Corporate Plan includes information about the quality and performance of services. It illustrates how the council's plans link into government priorities and partners' plans, particularly through the SCS and Local Area Agreement. Consultation and surveys carried out through the Coventry Partnership influence these plans.

The Council sets its financial strategy out for 3 years ahead in its Medium Term Financial Strategy/Plan.

Coventry City Council:	Examples of evidence
Develops and promotes its purpose and vision for the local area,	<p>"<i>Coventry the next twenty years</i>" Sustainable Community Strategy            Coventry Local Area Agreement 2008-2011            Coventry City Council Corporate Plan 2008-2011            Cabinet Member Portfolio Plans            Local Development Framework</p> <p><b>And this is promoted through various mechanisms including:</b>            Ward Forums  <i>Citivision</i> free magazine            Coventry Partnership website            Coventry City Council website</p>
Reviews its vision regularly and the implications for the Council's governance arrangements	<p>Annual Reviews of:            "<i>Coventry the next twenty years</i>" Sustainable Community Strategy            Coventry Local Area Agreement 2008-2011            Coventry City Council Corporate Plan 2008-2011            Cabinet Member Portfolio Plans</p>

Coventry City Council:	Examples of evidence
Ensures that partnerships are underpinned by a common vision that is understood and agreed by all partners	<p>"Coventry-the next 20 years" - Sustainable Community Strategy (SCS)</p> <p>Local Area Agreement 2008/2011</p>
Publishes an annual report on a timely basis to communicate the Council's activities and achievements, its financial position and performance	<p>Statement of Accounts (including the Annual Governance Statement)</p> <p>Annual Performance Report</p>
Decides how it will measure quality of service for users and makes sure that the information needed to review service quality effectively and regularly is available	<p>Corporate Plan 2008-2011</p> <p>Customer and residents' surveys</p> <p>Data Quality Policy</p> <p>Equality Strategy – 2008-2011</p> <p>Operational Plans</p> <p>Coventry City Council Customer Service Standards</p>
Puts in place effective arrangements to identify and deal with failure in service delivery	<p>Council Complaints Procedure</p> <p>Corporate Performance Management Framework</p>
Decides how it will measure value for money, making sure that the Council or partnership has the information needed to review value for money and performance effectively, and measures the environmental impact of policies, plans and decisions.	<p>Value for Money Strategy</p> <p>Value for Money Partnership</p> <p>Use of Resources annual assessment</p> <p>Annual Efficiency Statement</p>



**Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.**

**Summary:**

Coventry City Council's governing body is made up of 54 elected councillors. The council has a 10 member Cabinet which forms the Executive body of the council and makes 'key decisions' on all matters relating to more than one ward or which exceed £500,000 of expenditure. The council's policy framework, budget and certain key strategies are approved by full Council (made up of all 54 elected members).

Statutory functions such as planning, licensing and elections are carried out by separate statutory committees. In addition, the council has 5 scrutiny bodies that look at long-term policy development and challenge decisions or the performance of the Cabinet. The Constitution is monitored by the Constitution Working Group which puts forwards recommendations to the Standards Committee, which are then submitted to the full Council for approval.

Coventry City Council:	Examples of evidence:
Sets out a clear statement of the roles and responsibilities of the executive, members and senior officers, and the arrangements for putting this into practice.	The Constitution, Part 2, Articles 1-12. Job descriptions
Determines, monitors and updates a scheme of delegation	Constitution: Scheme of Delegation (Part 3) Constitution Working Group agendas and minutes.
Includes in the Constitution a schedule of those matters specifically reserved for collective decision of the Full Council, taking account of relevant legislation	The Constitution, Part 2, Article 4: The Council Meeting.
Makes the Chief Executive responsible and accountable for all aspects of operational management, and has protocols for a shared understanding of the roles of the Leader and Chief Executive	Job Description and person specification of Chief Executive The Constitution, Part 2, Article 1 - 12
Makes a senior officer (the S151 officer) responsible for providing appropriate advice on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control	Job description and person specification for the Director of Finance and Legal Services (S151 officer). Constitution, Part 2, Article 11: Employees, and Article 13: Finance, contracts and legal matters.

Coventry City Council:	Examples of evidence:
Makes a senior officer (the monitoring officer) responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with	Constitution, Part 2, Article 11: Employees, and Article 13: Finance, contracts and legal matters.  Job description and person specification for the Head of Legal Services (monitoring officer).
Develops protocols for effective communication between members and officers	Protocol for Member/Employee relations
Set out the terms and conditions for remuneration of members and officers and maintain an effective structure for managing the process	Constitution, Part 6: Member Allowance Scheme  Officer terms and conditions of service.  Independent Remuneration Panel meets terms of reference.
Has effective mechanisms in place to monitor service delivery	Council Complaints Procedure  Corporate Performance Management Framework
Develops, articulates and disseminates the Council's vision, strategic plans, priorities and targets in consultation with the local community and other key stakeholders	"Coventry the next twenty years" Sustainable Community Strategy Coventry Local Area Agreement 2008-2011 Coventry City Council Corporate Plan 2008-2011 Cabinet Member Portfolio Plans Local Development Framework <i>And this is promoted through various mechanisms including:</i> Ward Forums <i>Citivision</i> free magazine Coventry Partnership website Coventry City Council website
Clarifies members roles and responsibilities (individually and collectively) when working in partnership with others	Terms of reference, articles of association or constitutions for work with partnership and outside bodies e.g. The Coventry Partnership,
Clarifies the legal status of partnerships as well as the extent of each partner's authority to make decisions within the partnership	Terms of reference, articles of association or constitutions for work in partnerships and outside bodies.

**Principle 3: Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.**

**Summary:**

High standards of conduct are expected of members and officers throughout the council. These standards are articulated in the Council's Member Code of Conduct and the Employee Code of Conduct. In addition the council has core values, which are set out in its Corporate Plan. The standards are promoted in induction and training sessions for both officers and members. The Standards Committee monitors member compliance with the member code of conduct and investigates most local complaints regarding allegations of misconduct, taking reports and advice from the council's Monitoring Officer.

Coventry City Council:	Examples of evidence:
Creates a climate of openness, support and respect across the Council	Code of Conduct for Members, Constitution Part 5.1 Code of Conduct for Employees, Constitution Part 5.2 Whistleblowing Policy, within Code of Conduct for Employees, Constitution Part 5.2 Freedom of information policy Anti-Bullying and Dignity at Work Procedure
Develops expected standards of conduct and personal behaviour and communicates these to members, staff, partners and the community	Code of Conduct for Members, Constitution Part 5.1 Code of Conduct for Employees, Constitution Part 5.2 Employee and Members' Induction Training
Puts in place effective arrangements to ensure that members and employees are not influenced by prejudice, bias or conflicts of interest when dealing with different stakeholders and monitors these arrangements	Induction and training for members on member code of conduct Employee corporate induction and training sessions HR policies and procedures <b>These are monitored by:</b> Standards Committee terms of reference Internal and External Audit Workplan
Develops shared organisational values that reflect public expectations, and communicates these to members, staff, the community and partners	Corporate Plan 2008 - 2011 Code of Conduct for Members, Constitution Part 5.1 Code of Conduct for Employees, Constitution Part 5.2 Employee and Members' Induction Training

<b>Coventry City Council:</b>	<b>Examples of evidence:</b>
<p>Designs systems and processes to conform with appropriate ethical standards, and monitors their continuing effectiveness in practice</p>	<p>Articles of the Constitution, Constitution Part 2  Code of Conduct for Members, Constitution Part 5.1  Code of Conduct for Employees, Constitution Part 5.2  Local assessment process for investigating complaints of member misconduct.  Standards Committee terms of reference, agendas and minutes.</p>
<p>Maintains an effective Standards Committee</p>	<p>Standards Committee terms of reference, agendas and minutes.</p>
<p>Uses shared organisational values to support decision making and as a basis to develop positive and trusting relationships within the authority</p>	<p>Code of Conduct for Members, Constitution Part 5.1  Code of Conduct for Employees, Constitution Part 5.2  Corporate Plan 2008 - 2011</p>
<p>Agrees shared values with our partners, which partners can demonstrate in their decision making and their actions</p>	<p>Terms of reference, articles of association or constitutions for working in partnership and outside bodies.</p>

**Principle 4: Making informed and transparent decisions which are subject to effective scrutiny and managing risk.**

**Summary:**

All council decisions must be made and recorded in an appropriate manner, being robust enough to withstand any potential scrutiny or legal challenge. Coventry City Council has in place a robust and transparent process for making decisions that is articulated in the Council's constitution. It is supported by the use of rolling Forward Plan containing all key decisions due to be made by the Cabinet in the forthcoming four months, and use of a formal Cabinet report template to aid decision making and ensure consistency.

Decision makers are provided with reports one week in advance of any meeting, which contain sufficient rationale, financial and legal information, options and clear recommendations to enable them to make a considered decision. Scrutiny committees have a valuable role to play in such decisions, considering cabinet business both in advance and (through the call-in process) after cabinet meetings.

How Coventry City Council:	Examples of evidence:
<p>Maintains an effective scrutiny function which encourages constructive challenge and enhances the performance of both the Council and any organisation for which it is responsible</p>	<p>Constitution, Part 2, Article 6: Scrutiny Part 3.4 "functions of Scrutiny" and Part 4.5 Scrutiny procedure rules</p> <p>Scrutiny Co-ordination Committee annual work programme, terms of reference, agendas and minutes</p> <p>Work programmes, agendas and minutes of Scrutiny Co-ordination Committee and boards</p> <p>Annual Scrutiny report to Council</p>
<p>Maintains open and effective mechanisms for documenting decisions as well as the criteria, rationale and considerations on which decisions are based</p>	<p>Forward Plan and Constitution definition of key decisions</p> <p>Standard report template</p> <p>Publication of agendas, reports and minutes on website</p> <p>Constitution, Part 4 Procedure rules for Cabinet, council, and scrutiny meetings</p>
<p>Puts in place effective arrangements to safeguard members and employees against conflicts of interest and monitors that these arrangements are working in practice</p>	<p>Code of Conduct for Members, Constitution Part 5.1</p> <p>Code of Conduct for Employees, Constitution Part 5.2</p> <p>Constitution Part 5, 5.2 Whistleblowing Policy</p> <p>Standards Committee terms of reference, agendas and minutes.</p>
<p>Maintains an effective Audit Committee independent of the executive and scrutiny functions</p>	<p>Audit Sub-group of Scrutiny Committee 1 acts as the Council's Audit Committee. This produces an Annual Report.</p> <p>Audit Sub-group Terms of Reference</p> <p>Annual Review of the effectiveness of the Internal Audit</p>

How Coventry City Council:	Examples of evidence:
Deals with complaints in an effective, transparent and accessible way	<p><b>External</b></p> <p>Council complaints procedure and annual report.</p> <p>Local Government Ombudsman's annual letter</p> <p><b>Internal</b></p> <p>Grievance Procedure</p> <p>Disputes Procedure</p>
Provides those making decisions (whether for the Council or in partnership) with information that is fit for the purpose - relevant, timely and gives clear explanations of technical issues and their implications	<p>Report template contains background, options and recommendations, timescales, implications for finance, legal and other aspects. Reports go through quality assurance checks.</p> <p>Reports published one week before meetings.</p> <p>Performance Reports – Strategic needs assessments</p> <p>Officer training courses - 'Reporting to Cabinet and other committees' and 'Working in a political environment'.</p>
Makes available proper professional advice on matters that have legal or financial implications well in advance of decision making and monitor that this advice is used appropriately	<p>Forward Plan of key decisions due in next four months published monthly.</p> <p>Cabinet, Council and other committee reports include 'financial implications' and 'legal implications', cleared with departments.</p> <p>Reports published one week before decision making. Advice available during meeting discussion.</p>
Embeds risk management into the culture of the Council, recognising that effective risk management is part of everyone's job, including members and officers	<p>Risk Management Strategy</p> <p>Corporate Risk Management Group minutes</p> <p>Corporate Risk Register</p>
Puts in place effective whistle-blowing arrangements that are accessible to members, staff and all those contracting with or appointed by the Council	<p>Constitution Part 5, 5.2 Whistleblowing Policy</p> <p>Annual report on Whistleblowing</p>
Works within the limits of lawful activity whilst using our powers to the full benefit of the community	<p>Constitution</p> <p>Forward Plan of key decisions due in next four months published monthly.</p> <p>Cabinet, Council and other committee reports include 'financial implications' and 'legal implications', cleared with departments.</p> <p>Reports published one week before decision making. Advice available during meeting discussion.</p>

How Coventry City Council:	Examples of evidence:
<p>Observes both the specific requirements of legislation and the general responsibilities placed on the Council</p>	<p>Constitution</p> <p>Forward Plan of key decisions due in next four months published monthly.</p> <p>Cabinet, Council and other committee reports include 'financial implications' and 'legal implications', cleared with departments.</p> <p>Reports published one week before decision making. Advice available during meeting discussion.</p>
<p>Integrates the key principles of good administrative law - rationality, legality and natural justice – into procedures and decision making processes</p>	<p>Constitution.</p> <p>Legal Services provide legal advice on the content of reports presented to appropriate committee/council meetings and lawyers attending those meetings.</p> <p>Monitoring Officer provides various legal advice including scope of powers and authority to make decisions.</p>

## Principle 5: Developing the capacity and capability of members and officers to be effective

### Summary:

The Council is committed to developing officers and members to enable them to carry out their roles effectively. Officer development is carried out within the Council's Workforce Development Strategy, and supported by the Performance, Development and Review annual process for all employees.

For members, the Council has achieved Member Development Charter status and carries out an annual programme of Member training and development. Every member is offered the option of drawing up a Personal Development Plan, and these plans drive the direction of the Member training and development programme. On a day to day basis, Members in particular roles are given additional support (e.g. Group Leaders, Cabinet members, Committee Chairs, Scrutiny Chairs, Lord Mayor) to conduct their roles effectively; this is driven by the Member Support Framework. Within this Framework, the council has adopted the six core political skills for members to define the types of support and development needed to carry out all their roles effectively.

Political Groups also conduct their own one to one support and hold group activities such as facilitated group meetings or away days. Buddying and mentoring support is provided by members inside and outside of the council, especially those new to the council or taking on a new role.

Coventry City Council:	Examples of evidence:
<p>Tailors induction programmes to individual needs and provide opportunities for members and officers to update their knowledge on a regular basis</p>	<p>Member induction and training programmes            Member Personal Development Plans            Briefings and workshops delivered to all members or political groups            Employee induction process            Employee Annual Performance, Development and Review process            Induction and management training e.g. Diploma in Applied Management            Corporate Management Team away days, Directorate Wider Management Team meetings,            Monthly <i>Core Brief</i>, <i>Insite</i> staff magazine</p>
<p>Provides statutory officers with the skills, resources and support necessary to perform effectively in their roles</p>	<p>Job descriptions and person specifications.            Performance, Development and Review process.</p>
<p>Assesses the skills required by members and officers and develop those skills to enable them to carry out their roles effectively</p>	<p>Job descriptions and person specifications.            Performance, Development and Review process.            Induction and management training e.g. Diploma in Applied Management.            Member Personal Development Plans.</p>



<b>Coventry City Council:</b>	<b>Examples of evidence:</b>
Continually develops skills to improve performance, including the ability to scrutinise and challenge and use outside expert advice when it is needed	<p>Performance Development Review process.</p> <p>Councillor Personal Development Plan process.</p> <p>Member training programme.</p> <p>Induction and management training e.g. Diploma in Applied Management.</p>
Puts in place effective arrangements to review the performance of the executive as a whole and of individual members	<p>Constitution, Part 2, Article 6: Scrutiny.</p> <p>Scrutiny Committees, scrutiny review groups and call-in process.</p> <p>Performance, Development and Review process.</p> <p>Employee Performance Development Review process.</p> <p>Member Personal Development Plans.</p>
Development improvement action plans to address any training or development needs	Individual Personal Development Plans offered to all councillors.
Encourages individuals from all sections of the community to engage with, contribute to and participate in the work of the Council	<p>Ward Forums</p> <p>Coventry Partnership</p> <p>Equalities Strategy</p>
Develops career structures for members and officers to encourage participation and development	<p>Training, Learning and Development Strategy.</p> <p>Member Support Framework including development programme.</p> <p>Personal Development Plans for Members.</p> <p>Career Pathways/Workforce Planning Processes.</p> <p>Employee Annual Performance, Development and Review process.</p>

**Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability**

**Summary:**

The Council carries out extensive consultation to seek the views of stakeholders and uses the results to inform service delivery. In 2008/09, the Council is developing a formal corporate policy to respond to the new duty to inform, consult and involve which will set out its approach to consultation.

Ward forum meetings are held in each of 18 wards in the City, 4-5 times each year. These are meetings which involve other public sector agencies including the police and health authorities.

Coventry City Council:	Examples of evidence:
<p>Is clear with ourselves, all staff and the community about what the Council is accountable for and to whom</p>	<p>Constitution  <i>Coventry the next twenty years</i>" Sustainable Community Strategy                      Coventry Local Area Agreement 2008-2011                      Coventry City Council Corporate Plan 2008-2011                      Cabinet Member Portfolio Plans                      Local Development Framework  <b>And this is promoted through various mechanisms including:</b>                      Ward Forums  <i>Citivision</i> free magazine                      Coventry Partnership website                      Coventry City Council website</p>
<p>Develops constructive and effective relationships with our stakeholders and regularly assesses the effectiveness of such arrangements</p>	<p>We regularly review our partnerships including the Coventry Strategic Partnership.                      Constitution working group; officer working group.                      Advisory panels.                      Relationships with West Midlands Local Government Association (WMLGA) and government departments Department of Communities and Local Government / Department of Children, Schools and Families etc.                      Terms of reference and governance arrangements are available on Coventry Local Strategic Partnership website <a href="http://www.coventrypartnership.com">www.coventrypartnership.com</a></p>
<p>Produces an annual report on the activity of the scrutiny function</p>	<p>Annual Report of Scrutiny to Council.</p>

<p>Maintains clear channels of communication with all sections of the community and other stakeholders, and puts in place monitoring arrangements to confirm that they operate effectively in practice</p>	<p>"Coventry the next twenty years" Sustainable Community Strategy  Coventry Local Area Agreement 2008-2011  Coventry City Council Corporate Plan 2008-2011  Cabinet Member Portfolio Plans  Advisory panels  Local Public Service Board  Budget consultation process  Equalities Strategy and Equality Schemes  Communications Strategy  Local Development Framework</p> <p><b>And this is promoted through various mechanisms including:</b>  Ward Forums  Coventry Partnership website  Coventry City Council website  Website and <i>Citivision</i> magazine  Council tax leaflets</p>
<p>Holds meetings in public unless there are good reasons for confidentiality</p>	<p>Council meetings are open to the public except where, for legal reasons, matters are discussed in private as 'Part II' business or are confidential meetings</p> <p>Agendas, reports and minutes published on council website</p>
<p>Enables all sections of the community to engage effectively with the Council, recognises that different sections of the community have different priorities and establishes explicit processes for dealing with these competing demands</p>	<p>Local Development Framework: Emerging Core Strategy consultation 2008.  Customer Access Strategy.  Equality Strategy and Policies  Equalities Impact Assessments.  Community Cohesion Strategy.  Voluntary sector compact.  Scrutiny Review.  Inform, Consult and Involve Strategy April 2009.</p>
<p>Develop and publish a clear consultation policy including a feedback mechanism for consultees to demonstrate what has changed as a result</p>	<p>Customer Services Strategy.  Inform, Consult and Involve Strategy April 2009.</p>

<p>Publishes annually a performance plan giving information on the Council's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period</p>	<p>Annual Performance Report and Statement of Accounts Summary of annual accounts in <i>Citivision</i></p>
<p>Is open and accessible to the community, service users and its staff, operating in a transparent way in all dealings, including partnerships, except in specific circumstances where confidentiality is appropriate</p>	<p>Corporate Plan 2008 – 2011. Customer Access Strategy. Equality Strategy and Equality Schemes. Constitution. Meetings held in public. Agendas, reports and minutes published on council website. Freedom of Information (FOI) policy; FOI training to staff and members.</p>
<p>Produces a clear policy on how staff and their representatives are consulted and involved in decision making</p>	<p>Council staff survey. Employer -.Union forum meetings – quarterly Health and Safety Forum meetings with Union representatives. A Trade Union Consultation and Facilities Agreement has been agreed with the Trade Unions, which puts in place a clear hierarchy of consultation meeting processes.</p>



Coventry City Council

## Briefing note

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**To**  
Standards Committee

5<sup>th</sup> March, 2009

**Subject**

Adoption of Coventry City Council Code of Governance

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**1 Purpose of the Note**

1.1 To inform the Standards Committee of the outcome of the consideration of this report by the Audit Sub-Group.

**2 Recommendations**

2.1 The Standards Committee is requested to take into account the recommendations of the Audit Sub-Group shown in paragraph 3 below, and particularly that shown in paragraph 3.3, when it decides its recommendations to full Council.

**3 Information/Background**

3.1 The Sub-Group considered this report at its meeting on 18<sup>th</sup> February, 2009.

3.2 It agreed recommendation 2.1 in the report (i.e. that the Code of Governance be adopted by the City Council), noting that the Code drew together in one document information which already existed in different places across the Council.

3.3 However, the Sub-Group considered that the inclusion of elected Members in the delegation arrangements proposed in recommendation 2.2 would provide a stronger level of oversight and governance and therefore recommended that that recommendation be amended by the insertion of the words shown in italics, so that it reads as follows:

"The City Council is recommended to adopt the proposed Coventry City Council Code of Governance and to delegate authority to the Head of Democratic Services, *in consultation with the Chair and Deputy Chair of the Audit Sub-Group (or its successor body)*, to make any technical changes to the Code to ensure that it is kept up to date".

Corinne Steele,  
Performance and Scrutiny Team,  
Chief Executive's Directorate  
Tel. 024 7683 1145

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**Report to**

Standards Committee  
Council

5<sup>th</sup> March, 2009  
17<sup>th</sup> March, 2009

**Report of**

Director of Customer and Workforce Services and Director of Finance and Legal Services

**Title**

**Proposed Amendment to the Constitution –Protocol for Dealing With "If Necessary"  
Council Meetings**

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**1. Purpose of the Report**

- 1.1 This report outlines proposed changes to the Constitution in relation to the Procedural Matters detailed in Part 8.

**2. Recommendation**

- 2.1 Standards Committee is requested to recommend that the City Council approves the insertion of the following protocol in Part 8.9 of the City Council's Constitution:-

"Where there is no formal Council Business to consider and approve (ie Recommendations or Items for Consideration), the Council Meetings identified as "if necessary" in the annual Municipal Calendar may be cancelled, but only following consultation with the Lord Mayor and the Leader of the Council."

**3. Information/Background**

- 3.1 Prior to the start of each Municipal Year, Group Leaders are consulted on the proposed dates for Council meetings. The dates follow a regular pattern each year and are arranged to ensure that the Council meets any statutory deadlines, for example the setting of the Council Tax and approval of the Statement of Accounts.
- 3.2 For a number of years, it has been the practice to identify two Council Meetings as "if necessary" in the Municipal Calendar. One of these meetings is at the end of March, the other being the first or second week of July.
- 3.3 In the case of the March meeting, this is to ensure that there is an opportunity to consider any items that may require Council approval prior to the pre-election period. In the case of

the July meeting, it is to ensure that there is an opportunity to consider any items that may require Council approval prior to the start of the Summer holidays.

- 3.4 Whilst there is a provision in the Constitution to call Extraordinary Council Meetings at short notice should there be a need, it has been considered better practice and less inconvenient to Councillors to have these two Council meetings pencilled in the diary, rather than risking the need to call an Extraordinary Meeting at short notice.
- 3.5 In practice, neither the late March or early July dates have been used in recent years as there has been a regular meeting of the Council either one or two weeks prior to these dates.
- 3.6 Where there has been no formal Council business which require approval to consider, it has been the practice, following consultation with the Lord Mayor and the Leader of the Council, to cancel the "if necessary" meetings.

**4. Proposal to be Considered**

- 4.1 Following consideration of this issue by the Constitution Working Group, which has a cross-party representation, it is proposed to insert the following protocol in Part 8.9 of the City Council's Constitution:-

"Where there is no formal Council Business to consider and approve (ie Recommendations or Items for Consideration), the Council Meetings identified as "if necessary" in the annual Municipal Calendar may be cancelled, but only following consultation with the Lord Mayor and the Leader of the Council.

- 4.2 Concerns have been expressed that where these "if necessary" meetings are cancelled, there is a long period of time between the end of June and September Council meetings for the consideration of any petitions. However, once a petition is received, a copy is immediately forwarded to the relevant Directorate who start to investigate the issue and prepare a report for the appropriate meeting. In reality, it can often take two months for the matter to be investigated and a report prepared. In addition, petitions do not have to be presented to a Council meeting, and can be submitted directly to the appropriate Cabinet Member or Committee.

**5. Other specific implications**

	<b>Implications (See below)</b>	<b>No Implications</b>
Best Value		✓
Children and Young People		✓
Climate Change and Sustainability		✓
Comparable Benchmark Data		✓
Corporate Parenting		✓
Coventry Sustainable Community Plan		✓
Crime and Disorder		✓
Equal Opportunities		✓

	Implications (See below)	No Implications
Finance		✓
Health and Safety		✓
Human Resources		✓
Human Rights Act		✓
Impact on Partner Organisations		✓
Information and Communications Technology		✓
Legal Implications	✓	
Neighbourhood Management		✓
Property Implications		✓
Race Equality Scheme		✓
Risk Management		✓
Trade Union Consultation		✓
Voluntary Sector – The Coventry Compact		✓

## 5.2 Legal Implications

The City Council is required to have a Constitution in accordance with the Local Government Act 2000. It is important to ensure that the Constitution not only complies with the law but also reflects the changing practical requirements for the Council to function efficiently and effectively.

Part of the role and function of the Standards Committee is to review and recommend to the Council amendments to the Constitution (Article 2.15 of the Constitution refers).

## 6. Monitoring

- 6.1 The Constitution is monitored regularly through the Monitoring Officer, Governance Services and the Constitution Working Group in order that appropriate recommendations are made to the Standards Committee.

## 7. Timescale and Expected Outcomes

- 7.1 Provided that the Standards Committee approves the recommended protocol to the Constitution, it is proposed that it is submitted to the City Council on 17<sup>th</sup> March, 2009 and will come into operation with immediate effect.

	Yes	No
<b>Key Decision</b>		✓
<b>Scrutiny Consideration (if yes, which Scrutiny meeting and date)</b>		✓
<b>Council Consideration (if yes, date of Council meeting)</b>	✓ 17 <sup>th</sup> March, 2009	



List of background papers

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Papers open to Public Inspection

**Description of paper**

**Location**

City Council's Constitution

CH 59



Coventry City Council

# 7.3

## Public report

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### Report to

Standards Committee  
Council

5<sup>th</sup> March, 2009  
17<sup>th</sup> March, 2009

### Report of

Director of Customer and Workforce Services

### Title

Proposed Amendment to the Constitution – Independent Audit Committee

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## 1 Purpose

- 1.1 This report outlines a proposed change to the Constitution in respect of the Council's Audit Committee.
- 1.2 These proposals are made in light of:
- An evaluation of recommended practice including:
    - CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) guidance entitled "Delivering Good Governance in Local Government".
    - CIPFA guidance entitled "Audit Committees – Practical Guidance for Local Government".
    - The Use of Resources Assessment produced by the Audit Commission.
  - The results of a benchmarking exercise with 15 other local authorities around the operation of their Audit Committees.

## 2 Recommendations

- 2.1 Standards Committee is requested to recommend that the City Council amends paragraphs 2.6.7.7 and 4.5.2.3 and part 6 of the Constitution relating to the functions of Scrutiny Board 1 – Audit Sub Group as follows:-
- 1) That responsibility for audit arrangements be removed from Scrutiny Board 1 (in the form of Scrutiny Board 1 - Audit Sub Group) and that an Audit Committee from the start of the Municipal Year 2009/10, which would report directly to Full Council, based on the Constitution and terms of reference attached at Appendix One.

- 2) That the Chair and Deputy Chair of the Audit Committee should be free of executive functions and / or not be a Chair / Deputy Chair of any of the Scrutiny Boards.
  - 3) That with the exception of members of the Cabinet and the roles described in (2) above, the Council does not apply the recommendation that members of the Audit Committee should be sufficiently independent of the other key Committees of the Council.
  - 4) That the Council defers the decision as to whether it should appoint independent members to the Audit Committee until after the new arrangements have been reviewed (see recommendation 5 below).
  - 5) To review the effectiveness of arrangements in 12 months time.
- 2.2 City Council is recommended to amend the Constitution relating to the functions of Scrutiny Board 1 – Audit Sub Group as detailed in 2.1 above.

### **3 Information / Background**

- 3.1 The City Council's constitution has been operating in its current form since May 2003, and the Standards Committee has approved various amendments during the course of the last five years.
- 3.2 The Monitoring Officer has also made some minor rewording / redrafting amendments in accordance with the authority delegated by the Standards Committee.
- 3.3 The Constitution Working Group, which has cross-party representation, meets periodically to give consideration to any issues that arise in relation to the Constitution.

### **4 Proposal to be Considered - Independent Audit Committee**

- 4.1 As a result of guidance issued by CIPFA entitled "Audit Committees – Practical Guidance for Local Government" in 2005, local authorities were encouraged to review their arrangements in respect of Audit Committees to ensure that this function was given an appropriate priority, reflecting good governance arrangements. At that time, the role of the Audit Committee formed part of the remit of Scrutiny Board 1 and a decision was made to create a separate sub group to allow member time to be focused on audit related issues.
- 4.2 Since this decision was taken, there is clear evidence that the Audit Sub Group have provided effective challenge on areas around financial reporting, internal control and audit issues. Despite this progress, however, Coventry City Council still does not follow recommended practice in this area and therefore existing arrangements need to be reconsidered.
- 4.3 The recommended practice highlights three critical aspects:
  - The Audit Committee should be a 'stand alone' Committee of the Council.
  - The Chair of the Audit Committee should be free of executive or scrutiny functions.
  - Members should be sufficiently independent of any of the other key Committees of the Council.

These aspects will be considered in detail below.

- 4.4 **'Stand Alone' Audit Committee** – It is clear from recommended practice that local authorities are expected to set up an Audit Committee independent of the executive and scrutiny functions. As highlighted above, the current arrangements at Coventry City Council do not follow this as the Audit Committee is a sub group of Scrutiny Board 1. There are a number of factors that are relevant to the discussions on this aspect including:
- The Council's External Auditors have stated that the current arrangements are inconsistent with the Audit Commission guidelines on this area.
  - All of the 15 other local authorities participating in the benchmarking exercise have a 'stand alone' Audit Committee, Coventry City Council was the only council which did not have a stand alone Audit Committee.
  - Additional benefits from setting up a 'stand alone' Audit Committee reporting directly to full Council includes the ability to clearly demonstrate the Council's commitment to good governance while also raising the profile and importance given to the audit function within the Council.

- 4.5 **Chair of Audit Committee** – Under the current arrangements at the Council, the Chair of the Audit Sub Group is also the Chair of Scrutiny Board 1. This is again inconsistent with recommended practice, which states an expectation that the Chair is free of executive or scrutiny functions. The results of the benchmarking exercise, however, highlight a number of inconsistencies in the way in which this requirement is being applied.

The literal interpretation of this requirement as stated in recommended practice is that the Chair of the Audit Committee is part of neither the executive nor scrutiny function of the Council. In the benchmarking exercise, only 50% of the local authorities confirmed that this was the case. Whilst from a good governance perspective, this would add a layer of independence to the Committee, if this requirement was applied, this would exclude approximately 80% of Councillors given existing roles on either executive or scrutiny functions.

Also the strict application of the requirement could also raise the following issues:

- The role of Chair is critical to the effectiveness of any Committee and if the recommended practice were applied, there would be a risk that the Chair might be inexperienced in such a role. Additionally, there could potentially be a risk that the value added through the Chair's role may be limited if they had no other involvement in the day to day business of the Council.
- Given the importance attached to the role of Audit Committees, there is an increasing expectation that members (and in particular the Chair) of Audit Committees should have relevant skills in areas such as finance, risk and governance. If the recommended practice was adhered to, and the requirement was implemented literally, the pool of appropriately skilled / experienced members may be limited.

This point of discussion is also applicable to the role of Deputy Chair of the Audit Committee.

A possible way of overcoming these issues would be to appoint an independent member in the role of Chair to the Audit Committee. The issue of independent members is considered in section 4.6 below.

- 4.6 Independence of Audit Committee Members** – There is also an expectation that members of the Audit Committee should be independent of key Council Committees. A number of the points raised in 4.5 are also relevant in relation to all Audit Committee members. In the benchmarking survey we asked whether elected members of the Audit Committee sat on any other Committees within their respective Councils and all local authorities said this was the case.

Whilst not the guidance is not explicit, local authorities have been encouraged to consider appointing independent members onto Audit Committees to address this requirement. The benchmarking exercise found that 31% of the local authorities have independent members on their Audit Committee.

Where local authorities in the benchmarking exercise confirmed that they have independent members, none of the independent members acted as Chair of the Audit Committee, although there are local authorities where this is indeed the case.

In considering this issue further, there are a number of benefits of appointing independent members to Audit Committees. These include:

- Creating an additional layer of independence in terms of membership.
- Increasing stability in terms of membership, as independent members would be appointed for a set period, of say, four years. Within the existing arrangements at the Council, changes in membership occur regularly as a result of both elections and the annual review of Committee membership.
- Bringing breadth and depth of skills to the Audit Committee and helping to develop other members' skills, particularly around their understanding and experiences of audit and governance issues.

Whilst there are clear benefits from introducing independent members, there are also some risks from such appointments:

- Interest in such a post might be low as involvement is restricted to six meetings a year and candidates (i.e. current non executive directors, Directors of other companies) may find the role limited as contact with key bodies (Cabinet, Full Council) may be very small.
- The experience and skills of independent members may lead to them taking over meetings or inhibit existing members from contributing fully to discussions.

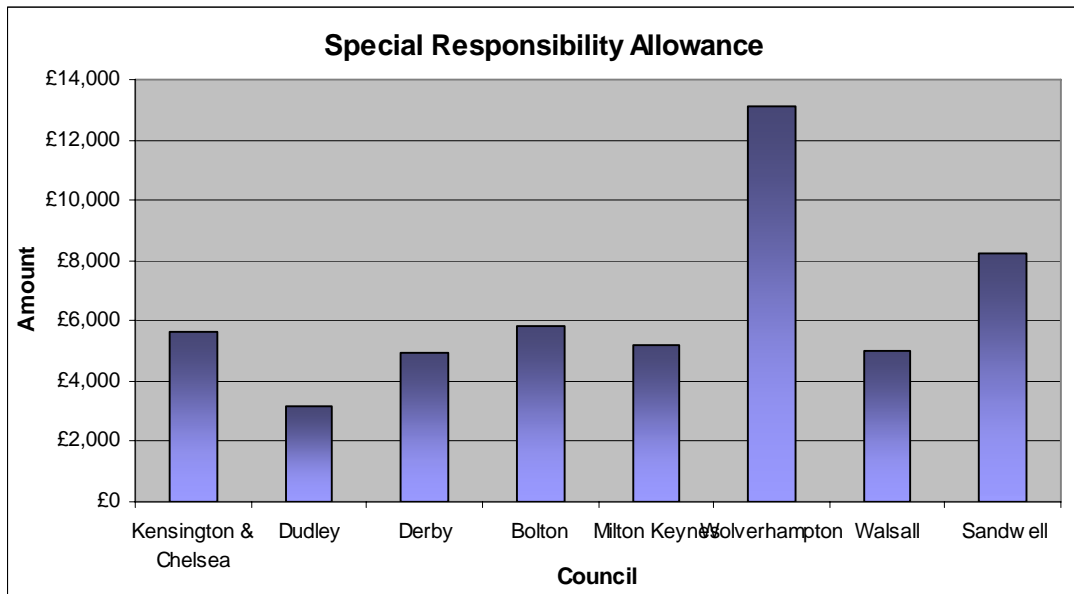
#### **4.7 Size, membership and remuneration issues**

Scrutiny Board 1's Audit sub-group is currently made up of 6 councillors, 3 Conservative, 2 Labour, and 1 Liberal Democrat. There is a quorum of 3 and there are nominated substitutes. The Chair does not receive an additional Special Responsibility Allowance as they also Chair Scrutiny Board 1.

Councils participating in the benchmarking exercise had an average of 8 members on their Audit Committee and the Chair was paid a Special Responsibility

Allowance specifically for this role in 8 Councils. The amounts paid to the Chair are shown in the table below, the amounts vary from £3,000 to £13,000 per annum. If the council were to follow the practices elsewhere, it could consider expanding the size of the Committee at a future date.

The issue of what size of remuneration, if any, should be paid to the Chair of the Audit Committee should be considered by the Independent Remuneration Panel.



4.8 The Constitution Working Group considered this issue at its meeting on the 27<sup>th</sup> January 2009. Based on consideration of the issue including the recommended practice, the Constitution Working Group's view is that the Council should create an Independent Audit Committee in line with the recommendations proposed in section 2.1 of this report.

4.9 It is therefore proposed to amend the Constitution by removing responsibility for audit arrangements from Scrutiny Board 1 (in the form of Scrutiny Board 1 - Audit Sub Group) and setting up an Audit Committee from the start of the Municipal Year 2009/10, which would report directly to Full Council.

## 5 Other specific implications

5.1

	Implications (see below)	No implications
Best Value		✓
Children & Young People		✓
Climate Change and Sustainable Development		✓
Comparable Benchmark Data		✓
Coventry Sustainable Community Strategy		✓
Corporate Parenting		✓
Crime and Disorder		✓
Equal Opportunities		✓

	<b>Implications (see below)</b>	<b>No implications</b>
Finance		✓
Health and Safety		✓
Human Resources		✓
Human Rights Act		✓
Impact on Partner Organisations		✓
Information and Communications Technology		✓
Legal Implications	✓	
Property Implications		✓
Race Equality Scheme		✓
Risk Management		✓
Trade Union Consultation		✓
Voluntary Sector – The Coventry Compact		✓

## 5.2 Legal Implication

The City Council's Constitution is written in accordance with the provisions of the Local Government Act 2000.

## 6 Monitoring

6.1 The Constitution is continuously monitored through its regular use and through the Constitution Working Group.

## 7 Timescale and expected outcomes

7.1 If the Standards Committee agrees the change to the Constitution, it is proposed that it is submitted to the Council meeting on the 17<sup>th</sup> March 2009, for approval.

	<b>Yes</b>	<b>No</b>
<b>Key Decision</b>		X
<b>Scrutiny Consideration (if yes, which Scrutiny meeting and date)</b>		X
<b>Council Consideration (if yes, date of Council meeting)</b>	✓ 17/03/09	

List of background papers

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Papers open to public inspection

**Description of paper**

**Location**

None



## **Appendix One - Audit Committee: Constitution and Terms of Reference (with effect from May 2009)**

### **A. Constitution**

#### **(a) Membership**

Six elected members, who must not be Cabinet Members, to be appointed by full Council. The Committee must be politically balanced.

Three named substitute elected members (1 from the Conservative Group, 1 from the Labour Group and 1 from the Minority Groups) to be appointed by full Council. If a Committee Member were unable to attend a meeting he/she could nominate a substitute member to attend.

#### **(b) Chair and Deputy Chair**

The full Council will appoint the Chair and Deputy Chair of the Committee, who must not be Cabinet Members or Chairs/Deputy Chairs of Scrutiny Boards.

#### **(c) Quorum**

The quorum of the Committee will be 3 members.

#### **(d) Sub-Committees**

The Committee may appoint one or more sub-committees for the purpose of discharging any of the Committee's functions.

#### **(e) Training**

The members and substitute members of the Committee will be required to undertake appropriate training for their role.

#### **(f) Frequency of meetings**

The Committee will meet at least four times a year and meetings will be subject to the usual Access to Information requirements.

#### **(g) Other meetings**

The Committee may meet privately (i.e. informally and with no other employees present) with the External Auditors and the Internal Audit Manager, but this would be the exception.

#### **(h) Accountability**

Any recommendations the Committee wishes to make will be submitted to full Council.

The Chair of the Committee will answer questions on its work at full Council meetings.

The Committee will report annually to full Council on its work (see point 16 of Terms of Reference below).

## **B. Terms of Reference**

### **Audit Activities**

1. To consider the Head of Internal Audit's Annual Report and Opinion, and a summary of internal audit activities (actual and proposed) and the level of assurance given within the Annual Governance Statement incorporated in the Annual Accounts.
2. To consider summaries of specific internal audit reports as requested.
3. To consider reports dealing with the management and performance of internal audit.
4. To consider a report from the Head of Internal Audit regarding recommendations contained in Internal and External Audit reports that have not been implemented within agreed timescales.
5. To consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
6. To consider specific reports as agreed with the External Auditor.
7. To comment on the scope and depth of external audit work and to ensure that it gives value for money.

### **Regulatory Framework**

8. To maintain an overview of the Council's Constitution in respect of contract procedure rules and financial regulations.
9. To review any relevant issue referred to it by the Chief Executive, the Director of Finance and Legal Service or the Monitoring Officer.
10. To monitor the Executive's effective development and operation of risk management.
11. To monitor Council policies on "whistle blowing" and the anti-fraud and anti-corruption strategy.
12. To consider the Annual Governance Statement, prior to its consideration by full Council.
13. To consider the Council's compliance with its own and other published financial standards and controls.

### **Accounts**

14. To monitor the City Council's revenue and capital programmes and to consider the City Council's Annual Statement of Accounts, prior to its consideration by full Council.
15. To consider the External Auditor's report to those charged with governance on issues arising from the audit of the City Council's Accounts.

**General**

16. To report annually to full Council on its work.