

SLOUGH BOROUGH COUNCIL

REPORT TO: Extraordinary Audit & Corporate Governance Committee

DATE: 18th January 2022

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WARD(S): All

PART I **FOR COMMENT & CONSIDERATION**

REVISED TERMS OF REFERENCE FOR THE AUDIT & CORPORATE GOVERNANCE COMMITTEE AND FOR THE PROPOSED NEW STANDARDS COMMITTEE

1. **Purpose of Report**

To advise the Committee on the draft revised Terms of Reference for the Audit & Corporate Governance Committee (Revised ToR) attached at Appendix A and the draft proposed Terms of Reference for a new Standards Committee (Proposed ToR) at Appendix B; and to give the Committee the opportunity to consider the two draft documents, which are intended to give effect to the recommendations of the Lead Commissioner made at the meeting of this Committee on 9th December 2021.

2. **Recommendations/Proposed Action**

The Committee is requested:

- (a) To consider and comment on the Revised ToR
- (b) To consider and comment on the Proposed ToR
- (c) To recommend that Council approves the establishment of a Standards Committee and adopts the Revised ToR and the Proposed ToR at its next Ordinary meeting.

3. **Commissioners' Comments**

This report is commended to Council as a step on the way to complying with the Directions.

4. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

4a. **Slough Wellbeing Strategy Priorities**

Good governance arrangements will support all of the Slough Wellbeing Strategy Priorities and the JSNA.

4b. **Five Year Plan Outcomes**

Revising the Committee’s Terms of Reference will support delivery of all five priority outcomes of the Five Year Plan.

- Outcome 1: Slough children will grow up to be happy, healthy and successful
- Outcome 2: Our people will be healthier and manage their own care needs
- Outcome 3: Slough will be an attractive place where people choose to live, work and stay
- Outcome 4: Our residents will live in good quality homes
- Outcome 5: Slough will attract, retain and grow businesses and investment to provide opportunities for our residents

5. **Other Implications**

(a) Financial

There are no direct financial implications of the proposed action, although the revised Terms of reference will support the council’s financial control mechanisms and help ensure it meets its best value duty.

(b) Risk Management

Recommendation from section 2 above	Risks/Threats/ Opportunities	Current Controls	Using the Risk Management Matrix Score the risk	Future Controls
To consider and comment on the revised Terms of Reference and to recommend that Council approves an amended Article 9 and a new Article 9A	Political, Legal & Regulatory risks associated with maintaining the status quo	Existing Terms of Reference	Likelihood – Very Low – 2 Impact – Negligible – 2 Risk Score - 4	Enhanced and strengthened Terms of Reference.

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act implications arising from this report.

Under Section 37 of the Local Government Act 2000, the Council is required to prepare and keep up to date a document, referred to as the Constitution, which contains as a minimum:

- (i) The Council's Standing Orders
- (ii) The Council's Code of Conduct for Members; and
- (iii) Such other information as the Secretary of State directs – under the Local Government Act 2000 (Constitutions)(England) Direction 2000 this information includes the membership, terms of reference and functions of the Council's Committees and Sub-Committees, and any rules governing the conduct and proceedings of those Committees and Sub-Committees.

Subject to those provisions, it is for the Council to decide what information its Constitution should contain. SBC's constitution contains a large number of rules and procedures and is broadly split up in the following way:

- 1. The Articles
- 2. Responsibility for functions
- 3. Procedure rules
- 4. Ethical framework
- 5. Members' allowances

This phase of the review focuses on Article 9 at Part 2 of the Constitution.

(d) Equalities Impact Assessment

There is no identified need for an EIA at this stage.

6. **Supporting Information**

- 6.1 The LGA governance review published in June 2020 recommended among other things that the Audit and Corporate Governance Committee Terms of Reference should be reviewed.
- 6.2 The DLUHC (formerly MHCLG) Governance Review published on 25th October 2021 recommended, as a matter of priority, a review of the Terms of Reference of the Audit and Corporate Governance Committee as outlined in the LGA governance review in 2020.
- 6.3 The Secretary of State's "minded to" letter dated 25th October 2021 contains Proposed Directions to the Authority, setting out actions "*which the Authority must undertake in order to effect the changes which are needed ... to include ... a revised term of reference for the Audit and Corporate Governance Committee...*".
- 6.4 On 1st December 2021, the Secretary of State made Directions under sections 15 (5) and 15 (6) of the Local Government Act 1999 and also appointed a Lead Commissioner and a Finance Commissioner for the purposes of the Directions. Direction 3 (b) includes the requirement for "a revised term of reference for the Audit and Corporate Governance Committee" and at a meeting of the Committee on 9th December 2021 the Lead Commissioner recommended to Members that they should adopt the CIPFA model terms of reference. At the same meeting the Lead Commissioner also recommended that Council should establish a Standards Committee for the purpose of upholding ethical standards and to undertake the work of the existing Determination Sub-committee.
- 6.5 The Revised ToR is an exact duplicate of the CIPFA model terms of reference. This includes the requirement for the Committee to produce an annual report to Full Council, incorporating a statement of its effectiveness (see paragraphs 36 and

37 of the Revised ToR) ; the right to report to Cabinet if it is considered that an issue is of such concern that Executive action is required (see paragraph 35 of the Revised ToR) ; and the right for the Head of Internal Audit and the External Auditor to meet with the Committee in private without officers if required (See paragraphs 25 and 32 of the Revised ToR).

- 6.6 The Proposed ToR incorporates both the Standards and Ethical Framework section of the existing Terms of Reference for the Audit and Corporate Governance Committee and the Terms of Reference for the Determination Subcommittee.

7. **Comments of Other Committees**

There are no comments from other Committees.

8. **Conclusion**

Adoption of the Revised ToR for the Audit and Corporate Governance Committee will secure compliance with the one element of the Directions made by the Secretary of State on 1st December 2021. In addition, it will equip the Audit and Corporate Governance Committee to provide an independent and high-level resource to support good governance and strong public financial management. A dedicated Standards Committee will be able to focus entirely on upholding high ethical standards, strengthening the Council's governance arrangements in the process. The Committee is therefore asked to consider and comment on the Revised ToR and the Proposed ToR; and to recommend that Council approves the establishment of a Standards Committee and adopts the Revised ToR and the Proposed ToR at its next Ordinary meeting.

9. **Appendices Attached**

- 'A' Proposed Revised Article 9
'B' Proposed New Article 9A

10. **Background Papers**

1. LGA Governance Review June 2020
2. DLUHC (formerly MHCLG) Governance Review dated September 2021, published 25th October 2021
3. DLUHC "minded to" letter dated 25th October 2021
4. Slough Borough Council: Directions made under the Local Government Act 1999 dated 1st December 2021
5. Slough Borough Council: Explanatory Memorandum dated 1st December 2021
6. Slough Borough Council: Commissioner appointment letters dated 1st December 2021.