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20 March 2023

To: All Members of the Standards Committee

Dear Member,

Standards Committee - Tuesday, 21st March, 2023

I attach a copy of the following reports for the above-mentioned meeting which were not available at the time of collation of the agenda:

**6. CONSTITUTIONAL CHANGES AND COMMITTEE CHANGES 2022/23  
2023/24 (PAGES 1 - 56)**

Report to follow

Yours sincerely

Ayshe Simsek, Democratic Services and Scrutiny Manager  
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## **LATE BUSINESS SHEET**

**Report Title: Constitutional Changes and Committee Changes 2022/23 2023/24 - Establishment of an Audit Committee and potential General Purposes Committee and Update to part 5 Section D of the Constitution, Decision Making protocol, to include consideration of climate change mitigation in decision making reports**

**Committee: Standards Committee**

**Date: 21 March 2023**

### **Reason for lateness and reason for consideration**

Under s100B(4)(b) of the Local Government Act 1972, the Chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency by reason of special circumstances. These circumstances are that the report was being considered by the Constitution Working Group after the dispatch of papers and there was a need to research and compile responses to details concerning the proposed Sub Committees.

The report need to be considered at the Standards Committee on the 21<sup>st</sup> of March to enable the report to progress to Full Council on the 27<sup>th</sup> of March 2023 and have implementation of the new committees in May 2023/

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**Standards Committee 21 March 2023**

**Title:** Constitutional Changes and Committee Changes 2022/23  
2023/24 - **Establishment of an Audit Committee and potential General Purposes Committee and Update to part 5 Section D of the Constitution, Decision Making protocol, to include consideration of climate change mitigation in decision making reports**

**Report authorised by:** Fiona Alderman, Head of Legal and Governance and Monitoring Officer

**Lead Officer:** Ayshe Simsek - Democratic Services and Scrutiny Manager

**Ward(s) affected:** N/A

**Report for Key/  
Non-Key Decision:** Non-Key Decision

**1. Describe the issue under Consideration.**

- 1.1 Following CIPFA Guidance and good governance practice, to agree to recommend to full Council the establishment of an Audit Committee as an Ordinary Committee of the Council on the 27<sup>th</sup> of March 2023 and for inclusion as part of the Committee structure of Council at the Annual meeting in May 2023. This Committee will take forward Audit Functions, Treasury Management and non-executive financial assurance matters.
- 1.2 To agree to recommend to Full Council on the 27<sup>th</sup> of March 2023 the establishment of a General Purposes Committee which would take forward the remaining non-executive functions of the Corporate Committee and also functions of the Staffing and Remuneration Committee.
- 1.3 To agree to recommend to Full Council on March 27<sup>th</sup> 2023 the agreement of the establishment of an Appointments Sub Committee. This is to be a Sub Committee of the General Purposes Committee and to take effect from the Annual Meeting of the Council in May.
- 1.4 To agree to recommend to Full Council on March 27<sup>th</sup> 2023 the agreement of the establishment of Disciplinary Grievance and Dismissal Sub Committee. This is to be a Sub Committee of the General Purposes Committee and to take effect from the Annual Meeting of the Council in May.
- 1.5 To agree to recommend to Full Council on the 27<sup>th</sup> of March 2023, the deletion of the Corporate Committee and Staffing Remuneration Committee from the Council's Committee Structure and to take effect from the Annual Meeting of the Council in May.

- 1.6 To agree to recommend to Full Council on the 27<sup>th</sup> of March 2023, and update part 5 Section D of the Constitution to include consideration of climate change mitigation in decision making reports . This will be in line with the adopted policy position, set out in the Council's Climate Change Action Plan, and will require all key decision-making reports, to consider and report on whether or how the proposals delivers Climate Change Mitigation (reducing carbon and energy impacts) and Climate Change Adaptation (minimising the risks and impacts in a changing climate).
- 1.7 To agree to recommend the full Council, the subsequent administrative changes to the Member Allowance scheme with the Chair of General Purposes Committee allocated the SRA banding 1B for the Staffing and Remuneration Chair and the Audit Committee Chair allocated the SRA for the 1B Corporate Committee Chair.
- 1.8 To agree to recommend to full Council the subsequent changes to the Council's Constitution set out Appendices 1 to 4.
- 1.9 To agree to recommend to full Council to provide delegation to the Council's Monitoring Officer to update the subsequent required administrative and technical amendments (grammatical, formatting, and consistency) necessary to finalise the revised constitution for publication . These will be reported up to the Annual Council meeting in May as part of the Monitoring Officer report and shown in track changes.

## **2. Cabinet Member Introduction**

Not applicable.

## **3. Recommendations**

- 3.1 To recommend to Full Council on the 27<sup>th</sup> of March 2023 the agreement of the establishment of an Audit Committee as an Ordinary Committee of the Council at the Full Council on the 27<sup>th</sup> of March and to take effect from the Annual Meeting of the Council in May.
- 3.2 To recommend to Full Council on the 27<sup>th</sup> of March 2023 agreement of the establishment of a General Purposes Committee as an Ordinary Committee of the Council at the Full Council on the 27<sup>th</sup> of March and to take effect on from the Annual Meeting of the Council in May.
- 3.3 To recommend to Full Council on the 27<sup>th</sup> of March 2023 agreement of the establishment of an Appointments Sub Committee. This is to be a Sub Committee of the General Purposes Committee and to take effect from the Annual Meeting of the Council in May

- 3.4 To recommend to Full Council on the 27<sup>th</sup> of March agreement of the establishment of a Disciplinary Grievance and Dismissal Sub Committee. This is to be a Sub Committee of the General Purposes Committee and to take effect from the Annual Meeting of the Council in May.
- 3.5 To recommend to Full Council the deletion of the Corporate Committee and Staffing Remuneration Committee from the Council's Committee Structure and to take effect from the Annual Meeting of the Council in May.
- 3.6 To agree to recommend the full Council, the subsequent administrative changes to the Member Allowance scheme with the Chair of General Purposes Committee allocated the SRA banding 1B for the Staffing and Remuneration Chair and the Audit Committee Chair allocated the SRA 1B for the Corporate Committee Chair.
- 3.7 To agree to recommend to full Council the subsequent changes to the Council's Constitution set out Appendices 1 and 2 and noting the final versions set out in Appendices 3 and 4.
- 3.8 To agree to recommend to full Council on the 27<sup>th</sup> of March 2023 to provide delegation to the Council's Monitoring Officer to update the subsequent required administrative and technical amendments (grammatical, formatting, and consistency) necessary to finalise the revised constitution for publication. To note that these will be reported up to the Annual Council meeting in May as part of the Monitoring Officer report and shown in track changes.

#### **4. Reasons for decision**

- 4.1 CIPFA is the Chartered Institute of Public Finance and Accountancy (CIPFA) and a UK-based international accountancy membership and standard-setting body. This is a global body dedicated to public financial management.
- 4.2 CIPFA believes that improving public services is the key to changing lives for the better and that good public financial management is central to achieving this ambition. CIPFA Guidance outlines that the Audit Committee should be an independent and to be effective, provide the following:
  - Be independent of executive decision making and scrutiny;
  - Able to provide objective oversight with sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance;
  - Have rights of access to and constructive engagement with other Committees/functions, for example scrutiny and service Committees, corporate risk management boards and other strategic Groups;
  - Have rights to request reports and seek assurances from relevant officers;
  - be of an appropriate size to operate as a cadre of experienced, trained Committee Members. Large Committees should be avoided;

- include at least two co-opted independent Members to provide appropriate technical expertise;
- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public; and be able to meet privately and separately with the external auditor and with the head of internal audit.

4.3 In accordance with paragraphs 6.3 to 6.23 The Section 151 Officer and statutory Officers of the Council strongly recommend that an Audit Committee is established in keeping with good governance practices.

4.4 Reasons for establishing a General Purposes Committee together with an Appointments Sub Committee and Disciplinary Grievance and Dismissal Sub Committee. are further set out in paragraphs 7 to 7.23.

4.5 Reasons for updating the Decision-making Protocol are set out in paragraphs 7.24 to 7.27.

## **5. Alternative options considered.**

5.1 To continue with current arrangements which would not be in full accordance with CIPFA guidance on good governance principals.

5.2 To continue with the Staffing and Remuneration Committee and separate Corporate Committee and include an additional SRA in the Member Allowance Scheme for 2023/24.

5.3 Adding Regulatory functions to the Corporate Committee as these non-executive functions have only recently been added to the Strategic Planning Committee and Licensing Committee in May 2021.

## **6. Background**

6.1 A Constitution Working Group was established in February under officer delegated authority, and as set out in the Constitution Part 3 Section E to consider the required to the Constitution and Committee Structure of the Council for consideration between February 2023 and November 2023 and beyond to respond to the requirements of the administration, organisation, and in keeping with good governance practice. The Constitution Member Working Group included the Labour Chief Whip as Chair as well as non-executive Members to consider the available governance options and was politically proportionate. This Group was compiled to provide a steer and direction on the changes to the Constitution and Committee Structure to the Head of Legal and Governance and to further inform the officer reports to the Standards Committee and Full Council.

6.2 The Constitution Working Group considered reports and information relating to the recommendations set out above and officers responded to their queries and steer in compiling the changes proposed.

Audit Committee Recommendation.

6.3 The Council established the Corporate Committee in 2011 as the main non-executive Committee of the Council and at the time this included pensions, staffing, audit and miscellaneous functions. In 2014 a Staffing and Remuneration Committee was created and subsequently a Pensions Committee and Board. The Committee has continued to cover a range of non -executive functions including audit, agreement of local code of corporate governance, treasury management, approval of the end of year accounts, health and safety, street naming and noise nuisance powers.

6.4 The CIPFA guidance issued to local authorities in 2022 advised that best practice is to have an Audit Committee reporting to Full Council with focus on audit matters, independent of any executive council operations. CIPFA expected that all local government bodies to make their best efforts to adopt the principles, aiming for effective audit Committee arrangements.

6.5 Audit Committees are considered a key component of an authority’s governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The Committee’s role in ensuring that there is sufficient assurance over governance risk and control give greater confidence to all those charged with governance that those arrangements are effective.

6.6 It is important to note CIPFA’s view on the Audit Committee practice, which is obtained having consulted with sector representatives, expects all local government bodies to make their best efforts to adopt the principles, aiming for effective audit Committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

6.7 The practice set out at Appendix 5 makes clear the current arrangement, capturing the work of the Audit Committee within the Corporate Committee’s remit, does not adhere to CIPFA’s Position Statement on the role of the Audit Committee. The main areas where the current arrangements do not conform with the CIPFA Position Statement are: -

<b>CIPFA’s Position Statement 2022</b>	<b>Current Arrangements (Corporate Committee)</b>
The audit Committee should be established so that it is independent of	The Corporate Committee includes executive decision making within its terms of reference.

<p>executive decision making and able to provide objective oversight.</p>	
<p>The audit Committee should be independent of both the executive and the scrutiny functions.</p>	<p>Members of Corporate Committee are not independent of executive and other scrutiny functions.</p>
<p>The audit Committee should be of an appropriate size to operate as a cadre of experienced, trained Committee members. Large Committees should be avoided.</p>	<p>The Corporate Committee comprises 12 members; 11 Labour and 1 Liberal Democrats' members.</p>
<p>The audit Committees of local authorities should include co-opted independent members. CIPFA recommends that each authority audit Committee should include at least two co-opted independent members.</p>	<p>There are none.</p>

- 6.8 What has made the creation of a separate Audit Committee more important recently is the bringing of HfH back in house. HfH has an audit and risk Committee that meets five times every year and has a full agenda. Going forward, the internal audit work previously reported to the HfH audit and risk Committee will be adopted and reported to the Corporate Committee. Clearly, the Committee needs to have time and understanding of the matters raised by assurance provider, including internal audit.
- 6.9 The strong advice from the Section 151 Officer and Head of Audit and Risk is to adopt the model set in the CIPFA Position Statement that will address the short comings of the current arrangements and provide for the transfer in of HfH. This change will allow the Council to demonstrate a key component of an authority's governance framework is in place and is effective. The Committee can focus on providing an independent and high-level focus on the adequacy of governance, risk and control arrangements ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance.
- 6.10 There is further guidance on Audit Committees by CIPFA advises that the terms of reference should set out the Committee's position in the governance

structure of the authority. The Committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control give greater confidence to all those charged with governance that those arrangements are effective. The Committee has to have oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability. Governance, risk and control.

The table below summarises the Committees held at each Council.

<b>Council</b>	<b>Audit Committee</b>	<b>Corporate Committee</b>	<b>Assurance and Governance</b>
Barnet	✓		
Brent	✓		
Hackney	✓	✓	
Islington	✓		
Lambeth		✓	
Redbridge			✓
Southwark	✓		
Westminster	✓		
Waltham Forest	✓		
Wandsworth	✓		
Camden			✓
Ealing	✓		
Enfield	✓		
Hammersmith and Fulham	✓		
	✓		
Harrow			
Hillingdon	✓		
Kingston upon Thames			✓

Make up of Audit Committees

6.11 All of these are comprised of members from the incumbent party and the opposition, with the exception of Islington which only has three Councillors on

the opposition, so the Committee was comprised of Councillors from the main party only. Each audit Committee has to have a least one co-opted member.

#### Functions of the Audit Committee

6.12 The common functions of the audit Committees that were identified via this research were independent scrutiny for the Council's financial and non-financial performance, oversight of Council finance reporting procedures, assessment of the Councils risk management frameworks and the standard of conduct by Councillors.

#### Corporate Committee research

6.13 Hackney and Lambeth were the only other Councils looked at that had a Corporate Committee. Hackney was the only Council with both an Audit and Corporate Committee. However, when looking at the responsibilities of the Corporate Committee, these were non-executive functions including HR, regulatory functions. Haringey has already, in 2021, assigned regulatory functions to Strategic Planning Committee and the Licensing Committee.

6.14 The Corporate Committee at Lambeth performs similar financial functions to Haringey's Corporate Committee with additional responsibility for setting up Sub-Committees. They also handle any issues referred by Full Council, the Chief Executive or strategic director and agree the Council Tax base and business tax base on behalf of the Council. The Corporate Committee is comprised in a similar way to the Audit Committee at the other Councils studied so a mix of Councillors from the main party, one opposition Councillor and a co-opted member.

6.15 Redbridge Council has a Governance & Assurance Committee covering the audit functions and Code of Conduct responsibilities. This Committee is comprised of four Labour Councillors and one co-opted member but, unusually, no opposition members.

6.16 The Constitution Working Group considered the above information in the context and role of the proposed Audit Committee.

6.17 The Constitution Working Group noted that the Corporate Committee has some executive roles and members on this Committee should also be independent of any other council role including the scrutiny role. This was to ensure no overlaps and ensure the main focus was Audit. The Group noted that when considering the membership of this proposed Committee, it was important to note that the role of the Overview and Scrutiny Function was to scrutinise and to hold the decision makers (Cabinet) to account. This is specifically considering what is the decision and whether the decision is the right one for the Council. The Audit Committee is concerned with how the

decisions is made (not what is the decision). The Audit Committee would need to make sure proper processes were followed, risks were assessed and there are appropriate checks and balances. For this role to be effective, it meant Committee members focused on Audit and not drawing on their scrutiny role and function. This will mean that the Overview and Scrutiny Committee Members should not be members of the Audit Committee and Scrutiny Panel members can be members of the Audit Committee.

- 6.18 It was noted that the size of the Corporate Committee was an issue. The CIPFA recommendation was that this should be a small Group of well-informed individuals who understand the governance of the Council. The maximum number recommended was 8, including 2 independent advisors to help with the detail and advise members.
- 6.19 The Constitution Working Group noted that currently housing management related audits would now come to Corporate Committee, increasing the audit items at Corporate Committee. There was a need to have a Committee with the capacity to take on this work and align operations to good practice.
- 6.20 In further reaching a recommendation on a new Audit Committee, the Constitution Working Group discussed:
- The need for external independence expertise offered by independent advisors on the proposed Audit Committee due to the technical information being consistently considered as they aid professional discussions and have an important role in providing an independent expert voice.
  - With regards to the recruitment of the Independent advisors, the Section 151 Officer and Head of Audit would interview the candidates and they would be assessed on merit and skills basis. Assurance was provided that the Chair of the Audit Committee would be consulted as part of the process.
  - Although, there was a need to guard against recruiting advisors with a political interest, the Constitution Working Group concluded that the technical and professional experience of the candidates would take precedence and they were satisfied that the nature and focused work of the Audit Committee would override political view points and matters. The Independent Advisors would also be asked to complete a register of interest which would include indicating membership of a political party.
  - Having an independent chair and not including the Treasury management functions was raised and it was noted that that having an independent chair was more of an option for combined authorities and for Chairs of Audit Committee in Wales. However, the guidance for local authorities did not require the Chair to be independent but does emphasise the need for the Chair to be independently-minded. Information was provided from CIPFA guidance to support this position. The Section 151 Officer and Head of Audit

recommended combining Audit and treasury management as this will have the appropriate officers that will understand the nature so the reports and also allow Audit to consider Treasury management activities. This recommendation was agreed with by the Constitution Working Group and now put forward to Standards Committee.

- 6.21 The Constitution Working Group continued to agree to recommend that the Audit Committee be established and be comprised of 7 Council seats, 6 Labour and 1 Liberal Democrat. They agreed that there should also be 2 non-voting independent advisors recruited by Director of Finance and Head of Audit and Risk. The positions would have a job description which would be advertised, and applicants shortlisted and then interviewed by these senior officers. Job description from Ealing Council was considered by the Working Group and function and role agreed with.
- 6.22 The Constitution Working Group further agreed the need for regular training for members on the Audit Committee. Members of this Committee would be expected to develop expertise and engage with the audit and treasury management information being considered. They agreed the Committee to receive training over the year , one hour before the Committee meeting as a way forward and also that members of the Audit Committee have mandatory training at the start of the municipal year before commencing their role on the Audit Committee. This has been added to the terms of reference.
- 6.23 Appendix 1 adds in the new Audit Committee Terms of reference and Appendix 2 is the clean version for ease of reference.

#### Establishment of a General Purposes Committee

- 7.0 The Constitution Working Group considered the remaining powers for Corporate Committee which would be non-executive functions concerning, Elections, health and safety, street naming, and noise nuisance powers. The Constitution Working Group explored the remaining non- executive functions, including the legislation on non-executive functions set out in section Reg. 2 and Schedule 1 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 S.I. 2853.
- 7.1 They queried the determination of an appeal against any decision made on or behalf of the local authority and noted that this comes from Schedule 2, paragraph 2 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000. Schedule 2 refers to functions which may be (but need not be) the responsibility of an authority's executive. This suggested hearing of appeals could be a non-executive function. There were no previous examples of this type of decision being made by the Corporate Committee. However, as this power remained in force , it was recommended by legal that this should remain in the terms of reference of the proposed General Purposes Committee.

- 7.2 The Working Group queried the power relating to passing a resolution that Schedule 2 of the Noise and Statutory Nuisance Act 1993 should apply to the Council's area ( consent to the operation of loudspeakers). Legal advised that the Control of Pollution Act 1974 included within it, a provision that loudspeakers in the street could not be operated between the hours of 9pm and 8am for any purpose. In addition, loudspeakers cannot be used at any other time, for the purpose of the purpose of advertising any entertainment, trade or business. The Noise and Statutory Nuisance Act 1993, created a new provision which provided a loudspeaker could be used, provided this was consented to by the Council ( although the council is not able to consent to a loudspeaker being used in connection with any election or for the purpose of advertising any entertainment, trade or business).
- 7.3 The starting point of this procedure, required the local authority to pass a resolution that Schedule 2 should apply to its area which means anyone then wishing to use a loudspeaker will need to seek consent to do so from the local authority. The procedure for the application and the LA's decision are set out in Schedule 2 of the Noise and Statutory Nuisance Act 1993.
- 7.4 Democratic services were unable to find any examples of this power being used by the Corporate Committee but given that it remained a good law, it was recommended to remain in the Terms of reference for a General Purposes Committee.
- 7.5 The Working Group noted that Corporate Committee was delegated making decisions under any function under a Local Act (except a function specified or referred to in Reg. 2 or Schedule 1) There are over 187 Local Acts that this power could encompass but were rare to be used on a consistent basis.
- 7.6 The Constitution Working Group were satisfied that combining the remaining functions of Corporate Committee with Staffing and Remuneration Committee was a sensible and practical way forward and would not require a change to the SRA banding. This Committee Chair with the General Purposes Committee Chair added to Band 1b It was envisaged that this Committee would likely only need to meet 4 times in a municipal year.
- 7.7 The Constitution Working Group agreed the General Purposes Committee have a Membership of 5 , [4 Labour and 1 Liberal Democrat ] and be established by Full Council as an Ordinary Committee of the Council. They agreed that the membership would not include Cabinet Members as they are only needed for appointments and dismissals as these functions would be taken forward by 2 separate Sub Committees. The General Purposes Committee would consider the staffing policies, terms and conditions and the miscellaneous elements of Corporate Committee set out above. There would be 4 meetings per year. The Committee noted that should there need to be a need for more meetings or the membership number require review, this could always be changed after a year at the Annual Council meeting.
- 7.8 With regards to involvement of Cabinet Member responsible for HR on the General Purposes Committee , The Working Group felt that the Cabinet

member could be in attendance at these meetings in line with Committee Standing Orders but not need to be a voting member and did not agree to add the Cabinet member to this Membership as they would be involved in the proposed Sub Committees for Appointment and dismissals in line with legislative requirements of 2001/3384 regulation.

**7.9 General Purposes Committee establishing 2 separate Sub Committees. One Sub Committee to take forward Director Appointments and a second separate Sub Committees to take forward Disciplinary, Grievance and Dismissal of Directors.**

7.10.1 Currently appointment and dismissal of senior officers is managed by the Staffing and Remuneration Committee .The current legal guidance is that the appointment process [ including the shortlisting, interview panel and Staffing and Remuneration Committee decision] needs to involve the same selected cohort of Members. This includes Leader and Cabinet Members, Chair of the Staffing and Remuneration Committee. The required Cabinet Members are usually substituted to participate in the S&R Committee and will be entitled to vote as a substitute and by virtue of participating in the interview panel and being substitute in accordance with Committee Standing order rules 53 to 59.

7.11 The Constitution Working Group discussed options for how the General Purposes Committee could establish a Sub Committee to deal with appointments to Director and AD positions, and to recommend to Full Council the appointment of the Head of Paid Service and also some dismissal of Directors and ADs as currently covered by S&R. They also considered the need to also have a second separate Sub Committee for Disciplinary, Grievance and Dismissal Sub Committee – to deal with:

- Disciplinary and capability hearings and decisions relating to the Head of Paid Service S151 officer and monitoring officer, and determining whether these officers should be suspended.
- Recommending dismissal of the Head of Paid service , S151 officer and Monitoring Officer to Council
- Hearing and deciding substantive grievances either about or from the Head of Paid Service. The Monitoring Officer will decide whether or not the grievance is substantive.
- Hearing and deciding substantive grievances related to Director level direct reports of the Head of Paid Service, if (and only if) referred to the Committee by the Head of Paid Service due to a conflict-of-interest issue.
- Conducting case hearings and making decisions in relation to Directors where dismissal of the officer is a possible outcome.

7.12 This second Sub Committee was needed to respond to a recent change in terms and conditions of statutory officers.

### The Appointments Sub Committee

- 7.13 The Working Group noted that for Appointments and Dismissals there was a legal requirement to have at least one cabinet member of the sub Committees for these decisions under the 2001/3384 regulation. The Working Group also noted that , although this was a non-executive Sub Committee, this did not preclude it from having a majority of members from the executive(Cabinet) and also being chaired by the Leader of the Council . In accordance with the 1989 Local Government and Housing Act, the core principle was having a politically proportionate membership Committee and therefore the political membership was a higher order than whether the member was an executive or non-executive member. There were examples given of Councils that had majority of cabinet members on staffing Committees and this was accepted practice.
- 7.14 The Committee considered options for the number of members of the Committee, noting the need for Cabinet Member involvement. A pool of 13 members was initially favoured as this would allow 9 cabinet member plus 4 ordinary members to be drawn from and take forward appointments in a Group of 3 or 5 members according to the director appointment. There was a similar process used by the Licensing Committee with 3 members from the Committee selected to take forward Licensing Sub Committee hearings. The Working Group heard that recent legal advice had been given on this and the issue was that there was no legal definition of a 'pool' and therefore the members of the 'pool' would be the membership of the Sub Committee and this would carry with it Committee membership such as rights to exempt information relating to individuals and participating in the discussion at the appointment meeting which would not be appropriate. This is not an issue for the Licensing which does not consider exempt information. Also the Sub Committee would have a larger membership than its parent Committee which would be unusual. There was discussion about the substitute process and how open and transparent it was for staffing appointments and it was confirmed that as set out in CSO 59 that substitutes properly appointed in line with CSO 53 to 58 carry full voting rights and other rights and responsibilities. It was noted that having a core Sub Committee of 5 members but with an agreed 8 substitutes agreed at Annual Council had been explored and discounted. This would require a change to Committee standing orders and would have to be looked at more closely for impact on subbing arrangements for Planning Sub Committee and Licensing Sub Committee .As a way forward it was agreed for the Annual report to council to include a list of Cabinet members that can substitute at the Appointments Committee during the year in line with CSO 53 to 59 to enable them to participate in decisions concerning their portfolio areas. This was accepted as a way forward.
- 7.15 The legal advice was that it was best practice to have a smaller membership of the Sub Committee of 5 which the Constitution Working Group agreed to recommend to Standards Committee. The Working Group further agreed that the terms of reference stipulate that only the members of the Appointments Sub Committee which are participating in the Appointment of a director have access to the reports and attend meetings concerning this.

- 7.16 The Working Group next considered the need for more than one member of the Cabinet participating in shortlisting, interviews and Appointment of Directors. Cabinet Members often had cross cutting portfolios and meant Working with two to three directors. In addition, it was important for the Leader of the Council to be part of the process as they would be Working with all directors on a daily basis in delivering the Budget and Policy framework and the Corporate Delivery Programme. The Working Group considered the need to have a fair and equal recruitment process and the need for the Leader and Cabinet to raise any concerns about the recruitment process and candidates before appointment decisions. This meant being involved in the steps before appointment. The Working Group noted that once the appointment decision was made, the Cabinet had 3 Working days to object to the appointment. However, in practical terms they needed to be involved in the process beforehand and get an understanding of who they could work with. The Working Group considered the alternative of non-executive members appointing directors and the Cabinet Members finding the Working relationship not conducive and noted the greater difficulties that this could cause. They accepted that it was sensible for the Leader to chair the Appointments Sub Committee and where the Leader was not able to attend or participate in an appointment process, the Chair of General Purposes Committee, as vice chair of the appointments Sub Committee could chair the appointments meeting.
- 7.17 The Working Group next considered the how many Cabinet Member and ordinary members the Membership of 5 would include and agreed 2 Cabinet members[including the Leader of the Council] and 3 Ordinary Members which could be the Chair of General Purposes, Vice Chair of General Purposes, Member of the Opposition.
- 7.18 The Constitution defines definition of 'Directors' includes both Directors and Assistant Directors and the following was agreed and put forward by the Working Group on how the Appointments Sub Committee would be established and work:
- Quorum 3
  - Meet on an ad hoc basis when an appointment is needed.
  - Chair - Leader of the Council and Vice Chair will be the Chair of GP
  - For each appointment of a director , the Leader of the Council and Chair of General Purposes in discussion with the Head of People would agree, whether there would be 5 members or if there is to be quorum 3-member meeting .
  - Shortlisting, interview and appointment would still need to include the 3 or 5 members .As a way forward the shortlisting of candidates can be delegated to a senior officer in the Constitution at section K and this would mean that

members are only involved in the interview and appointment. This adds flexibility if members want this as a next step after establishment.

- The Cabinet would be notified of the decision and have 3 Working days to put formal objection which would then need to be considered by the Appointments Sub Committee.
- The minutes of the Sub Committee meetings would be noted by the parent Committee.
- Where the Sub Committee is making an appointment to the Chief Executive, Section 151 Officer and Monitoring Officer, they would have express delegation in their terms of reference to make this decision and put this decision forward to Full Council for confirmation.

### **Disciplinary Grievance and Dismissal Sub Committee**

#### **Dismissal of Directors and Statutory Officers**

- 7.19 It was clear from the legislation that for dismissals there is a need to include at least one member of the Cabinet in the Sub Committee. Therefore, as above, it was agreed to follow the same membership as the Appointments Committee with the Chair as Leader and Vice chair as the Chair if GP. It was noted that where the Leader or Cabinet member had a conflict by having a daily working relationship with the Director they would be substituted in line with the Committee Standing Order rules and would not have an involvement in the process including the deciding on a 3 or 5 Member participation.
- 7.20 In relation to a decision on the choice and number of members participating in this Sub Committee on a dismissal, grievance, disciplinary matter, as appropriate the Leader of the Council and Chair of General Purposes in discussion with the Head of People and Monitoring officer would agree, whether there would be 5 members or if there is to be quorum 3-member meeting. Only the members participating in the Hearing and Dismissal would have access to exempt papers and the exempt meeting and this is stipulated in the Terms of Reference.
- 7.21 It was further suggested not having two Sub Committees given the similar membership and having one Sub Committee to consider both appointments Disciplinary Grievance and Dismissal and this was not agreed with by the Working Group as it was felt that both these processes should be clearly separated to maintain the integrity of this Sub Committee.
- 7.22 There was legal advice to suggest separating out the grievance function and disciplinary function but members were not in favour of this and there was a need to have a demonstrate the fairness of the process and provide ease of reference.

- 7.23 The Local Authorities (Standing Orders) (England) (Amendment) Regulations (SI 2015/881), which introduced a step in a disciplinary procedure whereby any dismissal of statutory officers is required to be considered by a panel which must contain at least two Independent Persons. At Haringey the Job description for the Standards Independent persons also covers support to this . This also needs to be factored in the process.

**Updating Part 5 Section D of the Constitution to include consideration of climate change mitigation in decision making reports**

- 7.24 In line with the adopted policy position, set out in the Council's Climate Change Action Plan, the Council will require all key decision-making reports, to consider and report on whether or how the proposals deliver Climate Change Mitigation (reducing carbon and energy impacts) and Climate Change Adaptation (minimising the risks and impacts in a changing climate). This would be recorded by a summary paragraph in all reports after the section on Corporate Delivery Plan and before the section on statutory comments. This would also be set out in the Council's Constitution in part 5 Section, Decision Making Protocol.

- 7.24.1 These comments are not statutory officer comments and have a different status with the information being taken into account but not informing or delineating the decision being made.

- 7.24.2 The wording 'whether or how' allows some decisions where the climate action plan is not a consideration [ i.e. finance quarterly reports, operational decisions concerning Children or Adults or procurement decisions where this was not part of the tender process consideration] to advise in this section that this is not applicable.

- 7.24.3 The Carbon Management Service will issue supplementary guidance via Business Managers to issue to all report writers, and longer term the Council aims to develop an automated IT system to support this. The Council will also roll out Carbon Literacy training for staff so that they can increase their knowledge and understanding on this issue.

- 7.27 This change is required to convey the Council's democratic commitment to the Climate Change Action Plan. Continued inclusion ensures that this requirement is embedded in future decision making in a consistent and ongoing basis.

**8. Contribution to Corporate Delivery Plan**

The Council's Constitution supports the governance of the Council and its decision making thereby assisting the Council to meet its corporate delivery plan objectives.

**9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

**Finance comments**

- 9.1 There are no financial implications as the proposals do not indicate an additional Committees to the existing Committee structure but rather the focus on Audit with Treasury management and remaining Corporate Committee functions added to another non-executive Committee . This means no net increase in Committees nor Committee meetings. The payment for the Independent Advisors of the Audit Committee will be met from the Democratic Services Budget and corporate budget Allocation provided. The Advisors will be expected to attend all meetings of the Audit Committee.
- 9.2 In relation to the establishment of the 2 Sub Committees and update to the Constitution's decision-making protocol to include consideration of climate change mitigation in decision making reports, there are no financial implications directly arising from these decision.

**Legal comments**

- 9.3 These are set out within the report.

**Equality**

- 9.4 There are no equality implications in this report.

- 9.5 Appendices

**Appendix 1 Track Changes to Part Three section B responsibility for Functions - Full Council and Non executive Bodies.**

**Appendix 2 Clean Version Part Three section B responsibility for Functions - Full Council and Non executive Bodies.**

**Appendix 3 Track changes to part 5 Section D of the Constitution, Decision Making protocol.**

**Appendix 4 Clean Version to part 5 Section D of the Constitution, Decision Making protocol.**

**Appendix 5 – CIPFA Guidance on Audit Committees**

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PART THREE – RESPONSIBILITY FOR FUNCTIONS  
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**SECTION 2 – COMMITTEES**

The following shall be committees of the Council and they shall have the membership as described in the Appointments of Committees, Sub-Committees, Panels, etc (as approved by the Annual Meeting):

- ~~1.~~ ~~1. The Corporate Committee/ General Purposes Committee~~  
~~1.2. Audit Committee~~

~~3.2. Combined Pensions Committee and Board~~

~~4.3. Staffing and Remuneration Committee~~

**Overview and Scrutiny Committee**

4. **Standards Committee**
5. **Alexandra Palace and Park Board**
6. **The Licensing Committee**
- 7a. **The Strategic Planning Committee**
7. **The Health and Wellbeing Board**

The Terms of Reference of each Committee shall be as set out on the following pages:

~~1. The Corporate Committee/General Purposes Committee~~

~~The Corporate Committee/ General Purposes Committee~~ has: -

- (a) all the functions listed below in (b) and stated not to be the responsibility of the Council's Executive/Cabinet in Reg. 2 and Schedule 1 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 S.I. 2853 (as amended or further amended in any statute or subordinate legislation). References to paragraphs below are to those in the appropriate Schedule of the Regulations.
- (b) the following Schedule 1 functions:
  - (i) Paragraph C - Health and Safety at Work; all functions discharged otherwise than in the Council's capacity as employer.

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(ii) Paragraph D – Elections; all functions relating to Elections except the approval of pilot schemes for local elections which is reserved to full Council.

(iii) Paragraph I – Miscellaneous; all functions except those retained by full Council in Article 4 ~~or reserved to the Staffing and Remuneration Committee.~~ The Committee’s functions include:

~~(A)~~ ~~(A)~~ ~~All functions relating to public rights of way in Part 1 except the creation, stopping up and diversion of highways, footpaths and bridleways in connection with development control decisions which are delegated to the Planning Sub-Committee;~~

~~iii) authorising the making of payments or the provision of other benefits in cases of maladministration;~~

~~c) the following “Local Choice” functions set out in Schedule 2 of the above Regulations: -~~

~~(i) any function under a local Act other than a function specified or referred to in Reg. 2 or Schedule 1 or expressly delegated elsewhere in this Constitution;~~

~~(ii) the determination of an appeal against any decision made by or on behalf of the authority;~~

~~(iii) passing a resolution that Schedule 2 to the Noise and Statutory Nuisance Act 1993 should apply to the Council’s area (consent to the operation of loudspeakers).~~

~~(e) —  
F) —d) making orders designating public places in order to confer power on the police to prevent nuisance by the consumption of alcohol.~~

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Staffing Functions

~~e) To exercise the functions which are stated not to be the responsibility of the Executive in Regulation 2 and Schedule 1 paragraphs H and I of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended) and in any Statute or subordinate legislation further amending these Regulations as follows:~~

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~~f) Paragraph H – Pensions; Determining the Council’s policy statement of discretions as “Employing Authority” under the Local Government Pension~~

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Scheme Regulations 2013 and the Teachers' Pension Regulations 2010

g) Paragraph I – Miscellaneous; Determining the terms and conditions of service for all staff, including procedures for dismissal. The Committee agrees the terms and conditions of employment, and the pay structure for all posts with the exception of pay and other terms and conditions for teachers which are fixed under statute by the Schoolteachers' Pay and Conditions Documents.

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~~To make recommendations to Council on the appointment and dismissal of the Head of the Paid Service; and the dismissal of the Chief Finance Officer and Monitoring Officer, in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001.~~

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~~To consider matters relating to the conduct and capability of the Head of the Paid Service, in accordance with the provisions of the Local Authorities (Standing Orders) (England) Regulations 2001.~~

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~~To consider matters relating to the conduct and capability of the Head of the Paid Service, in accordance with the provisions of the Local Authorities (Standing Orders) (England) Regulations 2001.~~

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~~To determine whether or not the Head of the Paid Service, Chief Finance Officer and Monitoring Officer should be suspended pending investigation into allegations of misconduct or incapability, in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001.~~

~~To exercise functions in respect of the appointment and dismissal (including the terms of release) of Directors in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001.~~

h) To approve the remuneration levels (other than those associated with National Pay Awards) for the Head of Paid Service and Directors.

i) To approve procedures for appointment and dismissal of staff.

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~~(i) To consider policies, procedures and schemes relating to employment matters including pay and grading structure and changes to employee terms and conditions of employment.~~

~~(j) To approve all human resources policies including pay and grading structures, and changes to employees terms and conditions of~~

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~~employment and to approve policies on how the Council exercises its functions under the Local Government Pension Scheme and the Teachers' Pension Scheme.~~

~~To approve those human resources policies and procedures that the Council recommends to school governing bodies for adoption in respect of school based employees.~~

- ~~(B) making arrangements for proper administration of financial affairs under section 151 Local Government Act 1972 but the appointment or dismissal of the Chief Finance Officer is to be in accordance with the Officer Employment Procedure Rules in Part 4;~~
- ~~(C) formulating the Treasury Management Strategy Statement and amendments to it for recommendation to full Council through Overview and Scrutiny Committee and in consultation with the Cabinet Member for Finance. Receiving quarterly monitoring reports and an out-turn report after the close of the year on treasury management policies and practices;~~
- ~~(D) approving statements under The Accounts and Audit (England) Regulations 2011 and any amendment or re-enactment of the Regulations and considering the external auditor's report on issues arising from the audit of the accounts or any other concerns relating to accounting policies;~~
- ~~(E) authorising the making of payments or the provision of other benefits in cases of maladministration;~~
- ~~(F) making orders designating public places in order to confer power on the police to prevent nuisance by the consumption of alcohol.~~
- ~~(c) the following "Local Choice" functions set out in Schedule 2 of the above Regulations:—~~
  - ~~(i) any function under a local Act other than a function specified or referred to in Reg. 2 or Schedule 1 or expressly delegated elsewhere in this Constitution;~~

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~~(ii) the determination of an appeal against any decision made by or on behalf of the authority;~~

~~(iii) passing a resolution that Schedule 2 to the Noise and Statutory Nuisance Act 1993 should apply to the Council's area (consent to the operation of loudspeakers);~~

~~(d) the Committee has the following Audit functions:~~

~~(i) providing assurance about the adequacy of the Council's Risk Management Framework and Policy and monitoring the effectiveness of systems for the management of risk across the Council and compliance with them;~~

~~(ii) Maintaining an overview of the Council's Local Code of Corporate Governance;~~

~~(iii) Monitoring the effectiveness of Council policies on "Whistleblowing" and Anti-Fraud and Corruption;~~

~~iv) Considering and recommending for adoption the Council's Annual Governance Statement;~~

~~(v) Approving the Annual Internal Audit Plan and the Strategic Audit Plan and arrangements for the provision of internal audit services to the Council and considering reports on internal audit activity;~~

~~(vi) Receiving the Annual Audit Plan and the Annual Audit Letter from the external auditor and making recommendations on the latter. Considering arrangements for the appointment of the external auditor;~~

~~(vii) Commissioning work from the internal and external auditors and receiving reports from the Head of Audit & Risk Management on any matter; and~~

~~(viii) Questioning officers and Cabinet members on matters relevant to audit and to financial and non-financial performance and making recommendations on these matters to Cabinet and full Council.~~

~~(ix) The Head of Audit's Annual Report~~

Commented [AS1]: I have added agreeing as Full Council does not have the AGS listed as a document for approval and this only usually goes to Corporate Committee

~~k)(e) the power to make recommendations to the Council on any of its functions~~

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set out in Article 4, and the power to establish Sub-Committees to consider and report on any such functions but this does not include recommendations to amend the Council's Constitution nor does it prevent the Council from making decisions on any matter when necessary without a prior recommendation from the Committee.

- ~~(f) there is a Protocol outside this Constitution setting out how the Corporate Committee is to operate. The Protocol shall be applied in a manner consistent with Committee Procedure Rules in Part 4 and any issue on procedure at the meeting shall be subject to the ruling of the Chair. The Protocol can be amended by the written agreement of the Leaders of the Political Groups on the Council.~~

Audit Committee

Statement of purpose

The Committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

The Committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

Governance, risk and control

- To review the council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance.
- To monitor the effective development and operation of risk management in the council.
- To monitor progress in addressing risk-related issues reported to the committee.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.
- To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- To monitor the counter fraud strategy, actions and resources.
- To review the governance and assurance arrangements for significant

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partnerships or collaborations.

Governance reporting

- To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
- To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.

Financial reporting

- To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Arrangements for audit and assurance

To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

External audit

- To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
- To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To consider additional commissions of work from external audit.
- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

Internal audit

- To approve the internal audit charter.
- To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- To approve the risk-based internal audit plan, including internal audit's

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resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

- To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.
- To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
  - updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work;
  - regular reports on the results of the QAIP; and
  - reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
- To consider the head of internal audit's annual report, including:
  - the statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement (these will indicate the reliability of the conclusions of internal audit); and
  - the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the committee in reviewing the AGS).
- To consider summaries of specific internal audit reports as requested.
- To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.
- To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations.
- To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

Treasury Management

- Reviewing and monitoring treasury management arrangements in accordance with Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA, 2017).

Accountability arrangements

- To report to those charged with governance on the committee's findings.

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conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.

- To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- To publish an annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement.

Advisers to the Committee

- The Committee be supported in its role and responsibilities through the appointment of two independent advisers, who are appropriately qualified.
- It is for individual Committee members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions.
- The Council will provided with a training programme, which all Committee members must attend. Training undertaken will be reported at each meeting.

Other legislative powers include

Making arrangements for proper administration of financial affairs under section 151 Local Government Act 1972 but the appointment or dismissal of the Chief Finance Officer is to be in accordance with the Officer Employment Procedure Rules in Part 4;

The power to make recommendations to the Council on any of its functions set out in Article 4

**3. ~~Staffing & Remuneration Committee~~**

~~To exercise the functions which are stated not to be the responsibility of the Executive in Regulation 2 and Schedule 1 paragraphs H and I of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended) and in any Statute or subordinate legislation further amending these Regulations as follows:~~

~~Paragraph H – Pensions; Determining the Council's policy statement of discretions as "Employing Authority" under the Local Government Pension Scheme Regulations 2013 and the Teachers' Pension Regulations 2010~~

~~Paragraph I – Miscellaneous; Determining the terms and conditions of service~~

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~~for all staff, including procedures for dismissal. The Committee agrees the terms and conditions of employment, and the pay structure for all posts with the exception of pay and other terms and conditions for teachers which are fixed under statute by the Schoolteachers' Pay and Conditions Documents.~~

~~To make recommendations to Council on the appointment and dismissal of the Head of the Paid Service; and the dismissal of the Chief Finance Officer and Monitoring Officer, in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001.~~

~~To consider matters relating to the conduct and capability of the Head of the Paid Service, in accordance with the provisions of the Local Authorities (Standing Orders) (England) Regulations 2001.~~

~~To determine whether or not the Head of the Paid Service, Chief Finance Officer and Monitoring Officer should be suspended pending investigation into allegations of misconduct or incapability, in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001.~~

~~To exercise functions in respect of the appointment and dismissal (including the terms of release) of Directors in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001.~~

~~To approve the remuneration levels (other than those associated with National Pay Awards) for the Head of Paid Service and Directors.~~

~~To approve procedures for appointment and dismissal of staff.~~

~~To consider and approve any remuneration or severance payments to Directors of £100,000 or more, in accordance with guidance issued under section 40 of the Localism Act 2011 and with the Local Authorities (Standing Orders) (England) Regulations 2001.~~

~~To consider policies, procedures and schemes relating to employment matters including pay and grading structure and changes to employee terms and conditions of employment.~~

~~To approve all human resources policies including pay and grading structures, and changes to employees terms and conditions of employment and to approve policies on how the Council exercises its functions under the Local Government Pension Scheme and the Teachers' Pension Scheme.~~

~~To approve those human resources policies and procedures that the Council recommends to school governing bodies for adoption in respect of school based employees.~~

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**Membership**

~~The Committee will be made up of 5 members of the authority. In accordance with the Local Authorities (Standing Orders) (England) Regulations 2001 the Committee must include at least one member of the Cabinet. When carrying out the function of appointment or dismissal of Directors, the relevant Cabinet member is invited and entitled to sit and vote as a substitute member for one of the substantive members of their Group on the Committee. The quorum of the Committee shall be a minimum of three members.~~

**SECTION 3 - SUB-COMMITTEES AND PANELS**

The following bodies shall be created as Sub-Committees of the relevant Committee of the Council under which they are listed. Bodies described as "Panels" are Sub-Committees unless otherwise stated. Sub-Committees shall report to their parent bodies and they shall have the membership as described in the Appointments of Non-Executive Committees, Sub-Committees, Panels, etc as approved by the Annual Meeting.

**1. Under the General Purposes Committee Staffing and Remuneration Committee**

**1.1 Dismissal Appeals Sub Committee**

To hear and determine appeals against dismissal from employment in respect of all staff employed by the Council, save where the continued employment of the employee would contravene the law and subject to the limitation that the Sub-Committee will hear and determine appeals resulting from posts becoming redundant only where these affect Directors. Members who sit on this Committee must not have had any prior involvement in any decision upon which the appeal is made.

**1.2 Staffing Appointments Sub Committee**

Be the appropriate body to fulfil the employment Procedure Rules as set out in Part 4 Section K in relation to Appointments.

- a) To exercise functions in respect of the appointment of the Chief Executive, Section 151 Officer and Monitoring officer and Directors in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001.

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- b) To make recommendations to Council on the appointment of the Head of the Paid Service; and the appointment of the Chief Finance Officer and Monitoring Officer, in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001.
  
- c) That only members of this Sub Committee participating in the Shortlisting, Interview and Appointment of directors will have access to decision making reports and Appointments meeting.

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1.3 Staffing Disciplinary, Grievance and Dismissal Sub Committee

Be the appropriate body to fulfil the employment procedure rules as set out in Part 4 Section K in relation to Disciplinary, Grievance and Dismissals.

- a) Disciplinary, conduct and capability decision relating to the Head of Paid Service, Section 151 Officer and Monitoring Officer, and determining whether these officers should be suspended in accordance with the provisions of the Local Authorities (Standing Orders) (England) Regulations 2001.
  
- b) Hearing and deciding substantive grievances either about or from the Head of Paid Service. The Monitoring Officer will decide whether or not the grievance is substantive.
  
- c) Hearing and deciding substantive grievances related to Director level direct reports of the Head of Paid Service, if (and only if) referred to the Committee by the Head of Paid Service due to a conflict-of-interest issue
  
- d) To exercise functions in respect of the Dismissal (including terms of release) of Directors in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001 including conducting case hearings and making decisions in relation to Directors where dismissal of the officer is a possible outcome, noting that as set out in the Employment procedure rules in section K, the need to consider the views of an independent Panel when considering the dismissal of the Head of Paid Service, Chief Finance Officer and Monitoring Officer.
  
- e) To make recommendations to Council on the dismissal of the Head of the Paid Service; and the dismissal of the Chief Finance Officer and Monitoring Officer, in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001.
  
- f) To consider and approve any remuneration or severance payments to Officers of £100,000 or more, in accordance with guidance issued

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under section 40 of the Localism Act 2011 and with the Local Authorities (Standing Orders) (England) Regulations 2001.

g) To approve the early/flexible retirement of the Head of Paid Service, Section 151 Officer and Monitoring Officer (save where the Officer is simply resigning) and to agree the award of any discretionary payments in connection with such retirement or redundancy.

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To exercise functions in respect of the following:

h) Grievance decisions related to Director level direct reports of the Head of Paid Service , if (and only if) referred to the Committee by the Head of Paid Service due to a conflict of interest issue

i) That only members of this Sub Committee participating in the hearings and subsequent Sub Committee meeting will have access to decision making reports and have a right to attend the hearing/meeting.

j) Cabinet Members with a conflict will not participate in any of the decisions above.

k) To note that Independent persons would be involved in involved in the investigation of a case against a statutory officer and dismissal hearing.

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**SECTION 2 – COMMITTEES**

The following shall be committees of the Council and they shall have the membership as described in the Appointments of Committees, Sub-Committees, Panels, etc (as approved by the Annual Meeting):

- 1. General Purposes Committee**
- 2. Audit Committee**
- 3. Combined Pensions Committee and Board**
- 4. Overview and Scrutiny Committee**
- 5. Standards Committee**
- 6. Alexandra Palace and Park Board**
- 7. The Licensing Committee**
- 7a. The Strategic Planning Committee**
- 8. The Health and Wellbeing Board**

The Terms of Reference of each Committee shall be as set out on the following pages:

**1. General Purposes Committee**

General Purposes Committee has: -

- (a) all the functions listed below in (b) and stated not to be the responsibility of the Council's Executive/Cabinet in Reg. 2 and Schedule 1 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 S.I. 2853 (as amended or further amended in any statute or subordinate legislation). References to paragraphs below are to those in the appropriate Schedule of the Regulations.
  - (b) the following Schedule 1 functions:
    - (i) Paragraph C - Health and Safety at Work; all functions discharged otherwise than in the Council's capacity as employer.
    - (ii) Paragraph D – Elections; all functions relating to Elections except the approval of pilot schemes for local elections which is reserved to full Council.
    - (iii) Paragraph I – Miscellaneous; all functions except those retained
-

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by full Council in Article 4 The Committee's functions include:

- (iv) All functions relating to public rights of way in Part 1 except the creation, stopping up and diversion of highways, footpaths and bridleways in connection with development control decisions which are delegated to the Planning Sub-Committee;
  - v) Authorising the making of payments or the provision of other benefits in cases of maladministration;
- c) The following "Local Choice" functions set out in Schedule 2 of the above Regulations: -
- (i) any function under a local Act other than a function specified or referred to in Reg. 2 or Schedule 1 or expressly delegated elsewhere in this Constitution;
  - (ii) the determination of an appeal against any decision made by or on behalf of the authority;
  - (iii) passing a resolution that Schedule 2 to the Noise and Statutory Nuisance Act 1993 should apply to the Council's area (consent to the operation of loudspeakers).
- d) making orders designating public places in order to confer power on the police to prevent nuisance by the consumption of alcohol.

Staffing Functions

- e) To exercise the functions which are stated not to be the responsibility of the Executive in Regulation 2 and Schedule 1 paragraphs H and I of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended) and in any Statute or subordinate legislation further amending these Regulations as follows:
- f) Paragraph H – Pensions; Determining the Council's policy statement of discretions as "Employing Authority" under the Local Government Pension Scheme Regulations 2013 and the Teachers' Pension Regulations 2010
- g) Paragraph I – Miscellaneous; Determining the terms and conditions of service for all staff, including procedures for dismissal. The Committee agrees the terms and conditions of employment, and the pay structure for all posts with the exception of pay and other terms and conditions for teachers which are fixed under statute by the Schoolteachers' Pay and Conditions Documents.

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- h) To approve the remuneration levels (other than those associated with National Pay Awards) for the Head of Paid Service and Directors.
- i) To approve procedures for appointment and dismissal of staff.
- j) To approve all human resources policies including pay and grading structures, and changes to employees terms and conditions of employment and to approve policies on how the Council exercises its functions under the Local Government Pension Scheme and the Teachers' Pension Scheme.
- (k) the power to make recommendations to the Council on any of its functions set out in Article 4, and the power to establish Sub-Committees to consider and report on any such functions but this does not include recommendations to amend the Council's Constitution nor does it prevent the Council from making decisions on any matter when necessary without a prior recommendation from the Committee.

## 2. Audit Committee

### Statement of purpose

The Committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

The Committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

### Governance, risk and control

- (a) To review the council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance.
- (b) To monitor the effective development and operation of risk management in the council.
- (c) To monitor progress in addressing risk-related issues reported to the committee.

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- (d) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- (e) To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.
- (f) To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- (g) To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- (h) To monitor the counter fraud strategy, actions and resources.
- (i) To review the governance and assurance arrangements for significant partnerships or collaborations.

Governance reporting

- (j) To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
- (k) To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.

Financial reporting

- l) To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- m) To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- n) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Arrangements for audit and assurance

- o) To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

External audit

- p) To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
- q) To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- r) To consider specific reports as agreed with the external auditor.
- s) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- t) To consider additional commissions of work from external audit.
- u) To advise and recommend on the effectiveness of relationships between

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external and internal audit and other inspection agencies or relevant bodies.

- v) To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

Internal audit

- w) To approve the internal audit charter.
  - x) To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
  - y) To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
  - z) To approve significant interim changes to the risk-based internal audit plan and resource requirements.
  - A1) To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
  - A2) To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.
  - A3) To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
    - A4) updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work;
    - A5) regular reports on the results of the QAIP; and
    - A6) reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
  - A7) To consider the head of internal audit's annual report, including:
    - the statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement (these will indicate the reliability of the conclusions of internal audit); and
    - the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the committee in reviewing the AGS).
  - A8) To consider summaries of specific internal audit reports as requested.
  - A9) To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
  - A10) To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.
  - A11) To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations.
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A12) To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

Treasury Management

A13) Reviewing and monitoring treasury management arrangements in accordance with Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA, 2017).

Accountability arrangements

A14) To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.

A15) To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

A16) To publish an annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement.

Advisers to the Committee

A17) The Committee be supported in its role and responsibilities through the appointment of two independent advisers, who are appropriately qualified.

A18) It is for individual Committee members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions.

A19) The Council will provided with a training programme, which all Committee members must attend. Training undertaken will be reported at each meeting.

Other legislative powers include

A20) Making arrangements for proper administration of financial affairs under section 151 Local Government Act 1972 but the appointment or dismissal of the Chief Finance Officer is to be in accordance with the Officer Employment Procedure Rules in Part 4;

A21) The power to make recommendations to the Council on any of its functions set out in Article 4

**SECTION 3 - SUB-COMMITTEES AND PANELS**

The following bodies shall be created as Sub-Committees of the relevant

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Committee of the Council under which they are listed. Bodies described as "Panels" are Sub-Committees unless otherwise stated. Sub-Committees shall report to their parent bodies and they shall have the membership as described in the Appointments of Non-Executive Committees, Sub-Committees, Panels, etc as approved by the Annual Meeting.

**1. Under the General Purposes Committee**

**1.1 Dismissal Appeals Sub Committee**

To hear and determine appeals against dismissal from employment in respect of all staff employed by the Council, save where the continued employment of the employee would contravene the law and subject to the limitation that the Sub-Committee will hear and determine appeals resulting from posts becoming redundant only where these affect Directors. Members who sit on this Committee must not have had any prior involvement in any decision upon which the appeal is made.

**1.2 Staffing Appointments Sub Committee**

Be the appropriate body to fulfil the employment Procedure Rules as set out in Part 4 Section K in relation to Appointments.

- a) To exercise functions in respect of the appointment of the Chief Executive, Section 151 Officer and Monitoring officer and Directors in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001.
- b) To make recommendations to Council on the appointment of the Head of the Paid Service; and the appointment of the Chief Finance Officer and Monitoring Officer, in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001.
- c) That only members of this Sub Committee participating in the Shortlisting, Interview and Appointment of directors will have access to decision making reports and Appointments meeting.

**1.3 Staffing Disciplinary, Grievance and Dismissal Sub Committee**

Be the appropriate body to fulfil the employment procedure rules as set out in Part 4 Section K in relation to Disciplinary, Grievance and Dismissals.

- a) Disciplinary, conduct and capability decisions relating to the Head of Paid Service, Section 151 Officer and Monitoring Officer, and determining whether these officers should be suspended in accordance

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with the provisions of the Local Authorities (Standing Orders) (England) Regulations 2001.

- b) Hearing and deciding substantive grievances either about or from the Head of Paid Service. The Monitoring Officer will decide whether or not the grievance is substantive.
- c) Hearing and deciding substantive grievances related to Director level direct reports of the Head of Paid Service, if (and only if) referred to the Committee by the Head of Paid Service due to a conflict-of-interest issue
- d) To exercise functions in respect of the Dismissal (including terms of release) of Directors in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001 including conducting case hearings and making decisions in relation to Directors where dismissal of the officer is a possible outcome, noting that as set out in the Employment procedure rules in section K, the need to consider the views of an independent Panel when considering the dismissal of the Head of Paid Service, Chief Finance Officer and Monitoring Officer.
- e) To make recommendations to Council on the dismissal of the Head of the Paid Service; and the dismissal of the Chief Finance Officer and Monitoring Officer, in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001.
- f) To consider and approve any remuneration or severance payments to Officers of £100,000 or more, in accordance with guidance issued under section 40 of the Localism Act 2011 and with the Local Authorities (Standing Orders) (England) Regulations 2001.
- g) To approve the early/flexible retirement of the Head of Paid Service, Section 151 Officer and Monitoring Officer (save where the Officer is simply resigning) and to agree the award of any discretionary payments in connection with such retirement or redundancy.

To exercise functions in respect of the following:

- h) Grievance decisions related to Director level direct reports of the Head of Paid Service, if (and only if) referred to the Committee by the Head of Paid Service due to a conflict of interest issue
- i) That only members of this Sub Committee participating in the hearings and subsequent Sub Committee meeting will have access to decision making reports and have a right to attend the hearing/meeting.
- j) Cabinet Members with a conflict will not participate in any of the decisions above.

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k) To note that Independent persons would be involved in involved in the investigation of a case against a statutory officer and dismissal hearing.

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# Part Five, Section D

## Protocol for Decision-Making

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This part set out provisions with respect to proceedings of the Executive (the Leader, Individual Cabinet members, the Cabinet and Cabinet Committees) and Non-Executive Committees and Sub-Committees.

This protocol is incorporated into the terms and conditions of employment of officers; and breach of this Protocol shall be a breach of the Members' Code of Conduct.

The Executive (the Leader, individual Cabinet members, the Cabinet, and Cabinet Committees), and a Non-Executive Committee or Sub-Committee shall not take any decision until the following requirements have been complied with:

- 1.1. All decisions shall be allocated by the Leader to the Cabinet or Cabinet Member or delegated to a Committee or Sub-Committee.
- 1.2. No decision shall be taken except upon a written report in accordance with this Protocol.
- 1.3. A Director shall prepare a written report which shall be the subject of consultation with
  - (a) the Chief Finance Officer and the Monitoring Officer (except to the extent that they agree otherwise in respect of certain clauses of report)
  - (b) other professional Officers of the Council as appropriate
  - (c) service Directors whose service may be affected by the proposal.
- 1.4. Unless the Democratic Services Manager agrees any exceptions, the written report shall set out:
  - (a) the body proposing to take the decision
  - (b) the issue to be decided
  - (c) an executive summary of the issue, where the length of the report so requires for clarity
  - (d) any recommended restrictions upon the publication of the report or public attendance at the making of the final decision,
  - (e) the facts upon which any decision must be based

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- (f) comments of the Assistant Director of Corporate Governance on any legal implications or legislative requirements, including any HRA issues
  - (g) any policy of the Authority relating to the issue
  - (h) any relevant national or regional guidance
  - (i) the options available to the decision-making body
  - (j) the reasons for the decision
  - (k) the staffing implications of the issue
  - (l) the Chief Finance Officer’s comments on the financial implications
  - (m) any consultations undertaken, the views of any consultees and a summary of any other representations received
  - (n) any implications for any other areas of the Authority’s activities
  - (o) any equalities implications
  - (p) the comments of any other professional officer or Service Director where appropriate
  - ~~(p)~~(q) whether or how the proposals will contribute to the delivery of climate change mitigation (reducing carbon and energy impacts) and climate change adaptation (minimising the risks and impacts in a changing climate).
  - ~~(q)~~(r) if an executive matter, the Cabinet Portfolio which the issue falls within
  - ~~(r)~~(s) the electoral areas which are particularly affected by the issue under consideration
  - ~~(s)~~(t) the recommendation in respect of the proposed decision and the reasons supporting the recommendation
  - ~~(t)~~(u) the place, date and time at which the body proposes to make its decision
  - ~~(u)~~(v) a list of any background papers
- 1.5. At least 5 clear days before the proposed date and time for taking the final decision, the Democratic Services Manager shall send a copy of the report, or arrange for a copy of the report to be sent to all Members of the decision-making body.
- 1.6. The requirements for consultation and public participation set out above are to be regarded as a minimum, and officers are responsible for determining when further consultation and public participation would be appropriate.
- 1.7. Urgent Decisions
- Where the Director is of the opinion that a relevant decision should be made urgently in order to prevent or reduce the risk of damage to persons or property or to the interests of the Authority, and that the urgency of the matter is such that it is not practicable to complete the decision-making

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process set out above or to comply with the Access to Information Procedure Rules in Part 4, the decision may be deemed “urgent”:

- (a) In order for an executive decision to be deemed urgent, the “General Exception” or “Special Urgency” procedures set out in the Access to Information Procedure Rules must be followed.
- (b) the Director shall use his/her best endeavours, as far as the urgency of the matter permits, to consult those persons whom he/she would have been required to consult had the full decision-making process been followed; and
- (c) the decision-making body shall have the power to take that relevant decision, notwithstanding that the full procedure has not been followed;
- (d) urgent executive decisions shall be taken in the manner prescribed at Part 4 Section F;
- (e) urgent non-executive decisions may also be taken in the manner prescribed at paragraph 5.01 (b) of Part 3 Section E Section 1;
- (f) These urgency procedures should only be used in cases of genuine urgency and should not be abused, for example, in attempting to put right failures in forward planning.

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## Protocol for Decision-Making

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- 1.2. No decision shall be taken except upon a written report in accordance with this Protocol.
- 1.3. A Director shall prepare a written report which shall be the subject of consultation with
  - (a) the Chief Finance Officer and the Monitoring Officer (except to the extent that they agree otherwise in respect of certain clauses of report)
  - (b) other professional Officers of the Council as appropriate
  - (c) service Directors whose service may be affected by the proposal.
- 1.4. Unless the Democratic Services Manager agrees any exceptions, the written report shall set out:
  - (a) the body proposing to take the decision
  - (b) the issue to be decided
  - (c) an executive summary of the issue, where the length of the report so requires for clarity
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  - (k) the staffing implications of the issue
  - (l) the Chief Finance Officer’s comments on the financial implications
  - (m) any consultations undertaken, the views of any consultees and a summary of any other representations received
  - (n) any implications for any other areas of the Authority’s activities
  - (o) any equalities implications
  - (p) the comments of any other professional officer or Service Director where appropriate
  - (q) whether or how the proposals will contribute to the delivery of climate change mitigation (reducing carbon and energy impacts) and climate change adaptation (minimising the risks and impacts in a changing climate).
  - (r) if an executive matter, the Cabinet Portfolio which the issue falls within
  - (s) the electoral areas which are particularly affected by the issue under consideration
  - (t) the recommendation in respect of the proposed decision and the reasons supporting the recommendation
  - (u) the place, date and time at which the body proposes to make its decision
  - (v) a list of any background papers
- 1.5. At least 5 clear days before the proposed date and time for taking the final decision, the Democratic Services Manager shall send a copy of the report, or arrange for a copy of the report to be sent to all Members of the decision-making body.
- 1.6. The requirements for consultation and public participation set out above are to be regarded as a minimum, and officers are responsible for determining when further consultation and public participation would be appropriate.
- 1.7. Urgent Decisions

Where the Director is of the opinion that a relevant decision should be made urgently in order to prevent or reduce the risk of damage to persons or property or to the interests of the Authority, and that the urgency of the matter is such that it is not practicable to complete the decision-making

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- (c) the decision-making body shall have the power to take that relevant decision, notwithstanding that the full procedure has not been followed;
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- (f) These urgency procedures should only be used in cases of genuine urgency and should not be abused, for example, in attempting to put right failures in forward planning.

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## CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

### Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

### Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that **local government bodies in the UK should adopt**. It has been prepared in consultation with sector representatives.

**CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements.** This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

**The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.**

## CIPFA's Position Statement 2022: Audit committees in local authorities and police

### Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

### Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

## Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

### Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

### Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

### Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions:
  - oversee its independence, objectivity, performance and conformance to professional standards
  - support effective arrangements for internal audit
  - promote the effective use of internal audit within the assurance framework.

- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

### Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
  - promoting apolitical open discussion
  - managing meetings to cover all business and encouraging a candid approach from all participants
  - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

## Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the **committee should:**

- **meet regularly, at least four times a year,** and have a clear policy on those items to be considered in private and those to be considered in public
- be **able to meet privately and separately** with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- **support transparency, reporting regularly on its work to those charged with governance**
- report **annually on how the committee has complied with the position statement**, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

## Impact

As a non-executive body, **the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.**

**The committee should evaluate its impact and identify areas for improvement.**

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