

# Waverley & Guildford Borough Council

Report to: Joint Constitution Working Group

Date: 12 August 2024

Ward(s) affected: All

Report of Strategic Director: Legal & Democratic Services

Author: Deborah Upton, Senior Governance Officer

Email: [Deborah.upton@waverley.gov.uk](mailto:Deborah.upton@waverley.gov.uk)

Report status: Open

## **Proposed Changes to the Terms of Reference of the Standards & Corporate Governance Committee/Audit & Risk Committee and Standards and General Purposes Committee**

### **1.1 Executive Summary**

1.1 It is good practice to keep the terms of reference of committees under review, as they form a key part of the Constitution of the Council and help to ensure good governance. This review has been undertaken jointly with Guildford/Waverley Borough Council, with the intention that both Councils will have terms of reference which reflect best practice and which align where appropriate.

### **2. Recommendation**

That the JCWG recommend to the Standards & General Purposes Committee/Audit and Risk Committee/Standards & Corporate Governance Committee:

That the revised Terms of Reference as set out in Appendices 1 and 2 to this report, be adopted into the Constitution.

### **3. Reasons for Recommendation:**

- 3.1 Guildford Borough Council currently has one Committee, the Corporate Governance and Standards Committee, which is responsible for a wide breadth of areas including ethical standards, corporate governance and accounts and audit. Splitting the workload of the Committee into two separate and distinct committees will help to ensure that an appropriate focus is given to both areas, and that in turn this will improve the effectiveness of the committees and allow for better support and training for members. The recent SOLACE review of governance for Guildford Borough Council found that the remit of the Committee is so broad as to marginalise the audit role to the detriment of the Council's governance, and the recommendations in this paper will address that concern.
- 3.2 Waverley Borough Council currently has an Audit & Risk Committee which adopts the majority of the CIPFA good practice principles from 2018. These were revised in 2022 and the further revisions to the Audit & Risk Committee terms of reference set out at Appendix 1 reflect these changes. This will ensure that the Audit & Risk Committee terms of reference remain best practice.
- 3.3 Waverley Borough Council has a Standards & General Purposes Committee, which picks up any other area not identified as specifically belonging to a committee. With the new Officer Scheme of Delegation, the Chief Executive can deal with any areas not found to be within the remit of a committee. The only business we are aware of the Committee dealing with, other than that within its dedicated terms of reference, is elections matters and we have therefore amended the terms of reference to include this.

#### **4. Purpose of Report**

- 4.1 This report presents, for members' consideration, the proposed new terms of reference for the proposed Audit & Risk Committee and Corporate Governance Committee set out in Appendix 1 and Appendix 2.

#### **5. Strategic Priorities**

- 5.1 This report will assist in the delivery of the Councils' corporate priorities and collaborative working agenda, in particular Priority 5: A resilient and well managed Council.
- 5.2 An Audit Committee helps the authority to fulfil its responsibilities for accountability to the local community, and meet the expectations of partners, regulators, and other stakeholders, and ensures that areas of concern are given proper attention.
- 5.3 A Standards Committee supports the work of the Monitoring Officer in upholding the highest ethical standards within the Councils and allows the public to have trust and confidence in the system of governance and the conduct of members.

#### **6. Background**

##### **Audit Committee**

- 6.1 An effective Audit & Risk Committee can support the authority in establishing, maintaining, and improving effective governance, risk management, and internal control arrangements. These arrangements are the enablers that allow the authority to deliver against its objectives and improve its performance. They are essential if the authority is to make best use of all its resources and minimise loss and waste.
- 6.2 CIPFA updated their good practice guidance in 2022 and the revised terms of reference have been built on this guidance, with local

variances. The CIPFA guidance was endorsed by the former Department for Levelling Up, Housing & Communities, and a copy of the revised CIPFA guidance is set out at Appendix 3. Changes compared to 2018 are the removal of the suggestion that audit committees undertake a wider role in supporting local authorities, and the recommendation that local authorities appoint at least two co-opted independent members. Other new recommendations include:

- Audit committee members should be trained to fulfil their role.
- Large committees should be avoided.
- The committees should support the maintenance of effective arrangements for financial reporting.

6.3 Guildford Borough Council terms of reference for the Corporate Governance and Standards Committee have not been based on CIPFA guidance and therefore it is impossible to do a comparison. A copy of those terms of reference is set out at Appendix 6. We are suggesting that the large role of this committee is divided into two new committees, one which fits the model of a best practice, Audit & Risk Committee and the other being a Corporate Governance Committee.

6.4 For both Councils, we are recommending up to two independent members of the Audit & Risk Committee who can provide technical expertise to support the work of the Committee. This is considered best practice by CIPFA.

6.5 The existing terms of reference of the Waverley Borough Council Audit & Risk Committee, marked up to show changes, are set out at Appendix 4.

### **Corporate Governance Committee**

6.5 For both Councils, the role of the Corporate Governance Committee now comprises three main areas; the ethical framework and standards regime, review of the constitution and member development. Moving to a Corporate Governance Committee will

allow for a greater focus and training on the ethical framework and governance.

6.6 The revised terms of reference have been based on the current Waverley Borough Council terms of reference and the amendments are shown in Appendix 5.

6.6 Guildford Borough Council has a number of additional areas currently in the remit of its current Corporate Governance & Standards Committee, namely:-

- (a) approving the equality scheme and monitoring E&D policies,
- (b) monitoring performance on freedom of information and environmental information requests,
- (c) monitoring data protection and information security initiatives and
- (d) planning appeals and S106 monitoring reports.

It is proposed that (a) the equality scheme be adopted by the Executive for the future, and monitored by O&S (b) performance monitoring in these areas should be done by the Executive as part of its overall performance monitoring reports (c) that any initiatives agreed by the Executive are monitored by O&S and (d) that planning appeals and S106 monitoring reports should be considered by the Planning Committee. If the JCWG consider this appropriate, then a further report with changes to the Executive & Scrutiny ToRs will be brought forward.

6.7 Standards Committees don't have to be politically balanced and good practice is that members from each party are included, so that everyone can see the whole Council takes responsibility for maintaining high standards. The Working Group is asked to consider whether it wishes to remove the requirement for political balance and consider a different formula.

## **7. Consultations**

- 7.1 The Joint Strategic Director – Finance and Deputy S151 officers have been consulted over the proposed changes to the Audit & Risk Committee Terms of Reference and are supportive of the changes as they are considered best practice.
  
- 7.2 The Monitoring Officer and Deputy Monitoring Officers for both Councils have been consulted and are supportive of the changes to the existing terms of reference, and the proposal to create a Corporate Governance Committee, as it will help to bring more focus and a greater level of importance to the role of the Committee.
  
- 7.4 The WBC Audit & Risk Committee will be consulted on the proposed changes to their terms of reference at their meeting on 9<sup>th</sup> September. Both the Chair and Vice Chair of the Committee have received copies of the proposed changes to their terms of reference and their feedback will be reported to the Working Group verbally.
  
- 7.5 We propose to hold a further joint meeting of the Standards & General Purposes Committee/Corporate Governance & Standards Committee, who will be asked to recommend the terms of reference to the Council. The Chair and Vice Chair of the Corporate Governance and Standards Committee have received copies of the proposed changes to their terms of reference and their feedback will be reported to the Working Group verbally.

## **8. Key Risks**

- 8.1 A dedicated, effective Audit & Risk Committee is key to supporting good governance, strong financial management and effective audit arrangements. There is a risk that where an Audit committee has broad functions it is not able to focus on its key roles and that its efforts get diluted.

8.2 A well-functioning standards committee is essential to promote the ethical framework and provide support to the Monitoring Officer and councillors in upholding the standards expected of members. There also needs to be a focus on member development to ensure that members feel supported to carry out their roles. Again, there is a risk that if the committee terms of reference are too broad, then the focus is diluted and there is a lack of support and challenge in appropriate areas.

## **9. Financial Implications**

9.1 There are no direct financial implications resulting from this report.

9.2 The indirect financial implication is that there will be an increase in committees at Guildford Borough Council (x1) but this has been factored into the restructure of Legal & Democratic Services.

## **10. Legal Implications**

10.1 Councils have various obligations relating to audit, under the Local Audit and Accountability Act 2014. The Councils are responsible for the conduct of public business and spending public money, and they have a responsibility to ensure it is properly safeguarded and used economically, efficiently and effectively.

10.2 To discharge these functions, Councils must put in place proper arrangements for the governance of their resources and are also required to report through the Annual Governance Statement.

10.3 The Councils have a statutory duty to promote and maintain high standards of conduct for its elected members and co-opted members under the Localism Act 2011.

## **11. Human Resource Implications**

11.1 There are no direct HR implications.

## **12. Equality and Diversity Implications**

12.1 There are no equality and diversity implications arising from this report. This report has given due regard to the requirements of the Public Sector Equality Duty (Equality Act 2010) when making any recommendations concerning constitutional arrangements.

## **13. Climate Change/Sustainability Implications**

13.1 There are no climate change or sustainability implications.

## **14. Summary of Options**

14.1 The JCWG is asked to consider and provide comments on the proposed terms of reference,

## **15. Background Papers**

(a) Terms of Reference: Audit & Risk Committee and Standards & General Purposes Committee (Part 3 of the WBC Constitution)

(b) Terms of Reference: Corporate Governance & Standards Committee (Part 3 of the GBC Constitution)

(c) SOLACE review on Governance for Guildford Borough Council

## **16. Appendices**

Appendix 1: Proposed Terms of Reference for the Audit & Risk Committee

Appendix 2: Proposed Terms of Reference for the Standards Committee

Appendix 3: CIPFA Good Practice guidance 2022

Appendix 4: Marked up Terms of Reference – Waverley Audit & Risk Committee

Appendix 5: Marked up Terms of Reference – Waverley Standards & General Purposes Committee

Appendix 6: Terms of Reference – Guildford Corporate Governance & Standards Committee



