

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**AUDIT AND GOVERNANCE COMMITTEE – 3 FEBRUARY 2011**

Title of report	<b>AUDIT AND STANDARDS FUNCTIONS</b>
Contacts	Monitoring Officer 01530 4545762 <a href="mailto:elizabeth.warhust@nwleicestershire.gov.uk">elizabeth.warhust@nwleicestershire.gov.uk</a>
Purpose of report	To consult the Committee on a proposed merger of the Audit and Standards functions to form an Audit and Standards Committee.
Strategic aims	Organisational Development.
Implications:	
Financial/Staff	There will be a saving of £4,760.65 per annum in relation to the SRA for the Chairman of the Audit and Governance Committee. There will also be a reduction of staff support required.
Link to relevant CAT	No discernible implications.
Risk Management	Clear and robust governance arrangements and procedures assist with the effective and efficient delivery of services and proper decision making.
Equalities Impact Assessment	No discernible implications.
Human Rights	No discernible implications.
Transformational Government	No discernible implications.
Consultees	Audit and Governance Committee; Strategy Group.
Background papers	Decentralisation and Localism Bill <a href="http://www.publications.parliament.uk/pa/cm201011/cmbills/126/11126.i-v.html">http://www.publications.parliament.uk/pa/cm201011/cmbills/126/11126.i-v.html</a>
Recommendations	<b>THAT A RECOMMENDATION TO COUNCIL TO MERGE THE AUDIT AND STANDARDS FUNCTIONS BE SUPPORTED.</b>

**1. BACKGROUND**

- 1.1 The Coalition Government announced last year its intention 'to abolish the Standards Board regime'. The proposal is that, alongside the abolition of Standards for England, the First Tier Tribunal (Local Government Standards in England) would lose jurisdiction over member conduct. The Government also intends to remove the national Code of Conduct for Councillors and the requirement to have a Standards Committee. Instead it would be for councils themselves to choose whether or not they wish to have a local code or a Standards Committee (which would be an 'ordinary committee' of the authority and therefore not need to have independent representation). Any Standards Committee would no longer have the

power to suspend a member. There would also be a new criminal offence created relating to failure to register or declare interests.

## **2. THE FUTURE OF THE STANDARDS COMMITTEE**

- 2.1 The above proposals will need primary legislation. The understanding is that this will receive Royal Assent sometime in the Summer or Autumn next year, although exact timing will obviously depend upon Parliamentary progress of the Decentralisation and Localism Bill as a whole.
- 2.2 While these proposals obviously depend on Parliamentary approval, in brief, Standards for England would cease to handle cases from an Appointed Day (likely to be two months after the coming into force of the provisions). At that stage, all cases still open would be passed back to the relevant local authority to complete. Any cases with the Tribunal at that stage would be completed but no further references could be made to it. Any cases being handled locally would need to be completed locally after that date by the Standards Committee, with no power to pass them to Standards for England or the Tribunal, but no new allegations could be made after the Appointed Day.
- 2.3 The Standards Committees will continue to have a legal requirement to operate as now and, in particular, to continue to consider any allegations. In the event that the new legislation is passed, it would be prudent to retain this function as, although under the proposals it would have no powers to suspend a Member, it would still have a crucial role in ensuring that adequate governance arrangements are in place, crucially to prevent any unintentional criminal offences being made by councillors. The current leadership has indicated support to retain some sort of local code of conduct at district level. What this will look like and how it will be developed will be dependent on government advice.
- 2.4 The Standards Committee has done some very good work in enhancing the strength of this councils internal governance of which the committee plays a part but it does have a fairly low level of workload for the main committee so this proposal will see it receiving more interesting and important work

## **3. THE AUDIT FUNCTION**

- 3.1 The Council, in setting up the Audit and Governance Committee complied with the requirements of discharging the authority's Audit Functions in accordance with the CIPFA guidelines which state that the Audit Committee should be:
  - separate from the Executive and Scrutiny functions
  - chaired by a non-executive member
  - independent, ideally with an independent co-opted member (although this is not required)
  - have the power to make decisions without further reference to Council
- 3.2 The guidelines also state that the committee must have a clear right of access to full council, other council groups and committees. The guidance says that an acceptable alternative model is the Standards Committee and the District Auditor has concurred with this approach.

## **4. PROPOSAL**

- 4.1 Many local authorities have already taken the decision to merge these two Committees and, in the interests of good governance and whilst looking at austerity measures, it is proposed that we adopt the same approach. Not only would this offer savings in terms of an SRA and officer time, more crucially it will ensure that the independence which is

afforded to the standards function will be replicated with the audit function. Furthermore, many reports are taken to each of the Committees at present so a merger would reduce duplication and produce a more effective way of working.

4.2 It is therefore proposed that:-

- the Audit functions be transferred to the Standards Committee
- the Audit and Governance Committee be abolished
- the Standards Committee be renamed the Audit and Standards Committee
- authority be delegated to the Monitoring Officer to make the necessary consequential changes to the Constitution