

Report to: Policy and Resources Committee, 21st May 2024

Report of: Corporate Director - Planning and Governance

Subject: REVIEW OF THE COUNCIL'S GOVERNANCE ARRANGEMENTS

1. Recommendation

That the Committee:

- 1.1 Notes the contents of this report including the advice from officers about the need for a review of the Council's current governance arrangements;**
- 1.2 Agrees the process and indicative timescales for the review to be undertaken as set out in this report; and**
- 1.3 Delegates authority to the Monitoring Officer in consultation with Group Leaders to develop a detailed scope, terms of reference and a resource plan for the governance review, for referral directly to Council at its meeting in July.**

2. Background

- 2.1 The Council's current governance arrangements were implemented in 2017. Following a review process and a Motion to Council, the overall governance arrangements were moved from Cabinet to Committee system. For information, the final 2017 report of the Council's corporate governance review group is appended to this report and it sets out much useful background including on legal considerations.
- 2.2 Local government legislation is largely unchanged since the last review was completed. However, over time, Motions to amend the Council's Constitution have resulted in changes to how the committee system of governance operates. Most notably, the number and functions of committees has increased.
- 2.3 Over the past 18 months, the Council has been subject to an electoral review undertaken by the Local Government Boundary Commission for England. This process concluded with Parliament making the Worcester (Electoral Changes) Order on 5 February 2024. The Order confirms that the Council should continue to have 35 councillors, and establishes new electoral wards for the City. In parallel, the Council resolved to move to a four-yearly electoral cycle, with the first of these elections taking place on 2 May 2024.
- 2.4 The start of a new four-year administrative term seems a sensible point for the Council to review its governance arrangements. It is a matter for Members, with advice from officers, to determine what the scope of the review should be and how it should be undertaken.

2.5 The report sets out proposals for undertaking a review, agreeing scope and terms of resource, resource plan and oversight by Members.

3. Governance review

3.1 It is proposed that the Council, at its meeting on 9 July, approves the scope and terms of reference for the governance review, based on recommendations from this meeting of the Policy and Resources Committee. Thereafter, interim reports on the review can cycle between meetings of the Committee and Council. A target date for closure of the review will be the Council meeting on 28 November but this may be affected by the progress of the review once it is underway.

3.2 There is no set template or definitive criteria for reviewing a local authority's governance arrangements. The Local Government Association and the Centre for Governance and Scrutiny provide guidance on a range of governance matters which are informative in preparing the scope and terms of reference of a review. The contribution of external expertise could be helpful in framing the review.

3.3 As a starting point, it may be helpful to determine what this proposed review does not need to cover. For example, officer advice is that there is no evidence of need to review:

- The safe and lawful operation of Council decision-making and management of finances. This is a live work programme focus of the Audit and Governance Committee and now subject to scrutiny by the Office for Local Government;
- The overall effectiveness and culture of the Council. This will be addressed in the next LGA Peer Review which is due within 12 months;
- Matters within the scheme of delegation to officers, or Member-Officer relations more widely. These aspects of the Constitution have been recently reviewed and updated;
- Member skills development and training. This will be addressed during a bespoke programme delivered during the new administrative term.

3.4 Members will need to decide whether a review is confined to looking at improvements to the effectiveness of the current committee system of governance, or whether the review should also consider the committee system alongside the option of moving to another system of governance, such as the Cabinet model. Agreeing this aspect of the scope of the review, will influence much of the resource plan and detailed lines of enquiry.

3.5 During the course of the previous municipal year the Chief Officer leadership team and Political Group Leaders have discussed some matters for potential review, within the current committee system. These all concern the operational effectiveness of the current system and arise from feedback from Members or officers. In summary they are:

- Number and remit of committees;
- Number of meetings;
- Overall workload impact on officers and Members;
- Performance data;

- Role of scrutiny in decision-making;
- Oversight of major capital projects;
- Visibility of future agenda items;
- Content and management of full Council agenda.

3.6 The above list is not exhaustive; the Committee may wish to consider it further.

3.7 By way of context for some of the above, it will be helpful to look at how the committee system has been implemented and whether the increased number of meetings and committees has provided the benefits which were anticipated when they were established.

3.8 It is also important to consider the context in which the Council's work programme has changed and how additional Member meetings have been established to provide an appropriate level of oversight and governance for the work programme. For example, in February 2021 the Major Programmes Member Reference Group was established as an advisory group to meet monthly and oversee the Council's major capital programmes. As at the date of this report, this includes overseeing more than £43m in external grant funding secured by the Council since 2019, with another £5m expected under the Levelling Up Fund. Additional meetings of the Policy and Resources Committee have also been scheduled to make decisions relating to this programme of capital investment.

4. Preferred Option

4.1 The preferred option is to undertake a review of the Council's current governance arrangements. It is for Members to decide how extensive this report should be. The recommendation is that the Committee delegates authority to the Monitoring Officer in consultation with all of the Political Group Leaders, to produce a document setting out in detail the scope, terms of reference and resource plan for the governance review, so that this can be referred to full Council for debate and decision in July.

4.2 It is recommended that some overarching principles are agreed as part of the terms of reference. These need to be meaningful reflection of the priorities that Members and officers at the Council think need to be addressed in this governance review. Examples are given in the appendices. For this review, the overarching principles could, for example, include:

- Member involvement in decision-making;
- Visibility of future Council decisions;
- Manageable workloads;
- Effective meetings;
- Effective scrutiny;
- Effective performance management.

4.3 All Members will need to have the opportunity to feed into the governance review. This can be achieved through the Committee and Council meeting process, in addition to bespoke Member survey questions and topic specific workshops as Members require.

4.4 It is recommended that Council officers have the opportunity to contribute to the governance review in view of the impact that it has on their day to day work. It is recommended that a defined cohort of officers who regularly support the programme

of Member meetings, are invited to contribute via defined channels, for example through survey questions.

- 4.5 The review can be supported and serviced by the Chief Officer leadership team but it is recommended that the Council looks to bring in some external expertise to act as "critical friend" at points of the review.
- 4.6 While it is not legally necessary to undertake a public consultation, the Council could consider publicising an agreed set of questions for public feedback, via its website and social media channels.

5. Alternative Options Considered

- 5.1 The alternative option, to not undertake any sort of review, is not recommended. The review process is intended to address the Council's duty to secure best value and continuous improvement in all of its functions.

6. Implications

6.1 Financial and Budgetary Implications

There are no significant financial implications in undertaking the review itself. Engaging some external expertise would not create a significant financial burden for the Council.

Implementing recommendations arising from a governance review could have significant financial implications for the Council; these will form part of the review itself and can be considered by Committee and Council as the review progresses.

6.2 Legal and Governance Implications

Reviewing the operation of the committee system is something the Council is free to do at any time, on whatever terms it reasonably determines and subject to the operation of its own Constitution.

By contrast, changing from one form of governance to another (eg Committee to Cabinet) is regulated by legislation. The legal and procedural requirements for making a change to the Council's governance arrangements are set out in the Local Government Act 2000, (as amended by the Localism Act 2011). There are a number of facets to this but in summary they include:

- The passing of resolution by Council (through a simple majority vote under the Council's Constitution);
- Publicity through local notices, informing of the details of the changes;
- Implementation to be effective from a "relevant change date" (as defined in legislation), the earliest date being the next Annual General Meeting of Council;
- The fact that once a Council has passed a resolution to change its system of governance it may not do so again for a period of five years from the date of the last resolution taken to change its governance arrangements.

6.3 Risk Implications

The risk of not reviewing the Council's governance arrangements are that are not as operationally effective as they could be, which in turn has an adverse impact on outcomes for Worcester communities, or an adverse impact on the commitment and contributions of Members and officers of the Council.

6.4 Corporate/Policy Implications

The review will be managed by Members with advice from officers. Final decisions will be taken by the full Council. Changes to the Constitution, consequent on the review, will also be made by full Council.

6.5 Equality Implications

No adverse equality implications have been identified at this stage. An equality impact assessment will be undertaken prior to any substantive recommendations being made for approval.

6.6 Human Resources Implications

The staffing implications of the Council's governance arrangements will be considered as part of the review. A resource plan will show how the review will be supported using internal and external advisors.

6.7 Health and Safety Implications

None identified at this stage.

6.8 Social, Environmental and Economic Implications

None identified at this stage.

Ward(s): All
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Background Papers: None

Appendix 1: previous governance review report dated 4 January 2017