

# ANNUAL COUNCIL MEETING

Wednesday 15<sup>th</sup> May, 2024

11.00am – Guildhall, Civic Centre

2.00pm Council Chamber, Civic Centre

## **This meeting is open to the public**

### **Members of the Council**

The Lord Mayor – Chair

The Sheriff – Vice-chair

Leader of the Council

Members of the Council (See overleaf)

### **Contacts**

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<b>WARD</b>	<b>COUNCILLOR</b>	<b>WARD</b>	<b>COUNCILLOR</b>
<b>Banister &amp; Polygon</b>	Every Leggett Windle	<b>Peartree</b>	Houghton Keogh Letts
<b>Bargate</b>	Bogle G Lambert Noon	<b>Portswood</b>	Barbour Finn Savage
<b>Bassett</b>	Blackman Chapman Wood	<b>Redbridge</b>	Goodfellow McManus Whitbread
<b>Bevois</b>	Denness Kataria Rayment	<b>Shirley</b>	Kaur Kloker Winning
<b>Bitterne Park</b>	Barnes-Andrews Cooper Webb	<b>Sholing</b>	J Baillie Beaurain Powell-Vaughan
<b>Coxford</b>	Greenhalgh McCreanor Renyard	<b>Swaythling</b>	Bunday Fielker Gravatt
<b>Freemantle</b>	Kenny C Lambert Shields	<b>Thornhill</b>	Allen A Frampton Y Frampton
<b>Harefield</b>	P Baillie Harwood Laurent	<b>Woolston</b>	Blatchford Payne Stead
<b>Millbrook</b>	Cox Galton Moulton		

## **PUBLIC INFORMATION**

### **Role of the Council**

The Council comprises all 51 Councillors. The Council normally meets six times a year including the annual meeting, at which the Lord Mayor and the Council Leader are elected and committees and sub-committees are appointed, and the budget meeting, at which the Council Tax is set for the following year.

The Council approves the policy framework, which is a series of plans and strategies recommended by the Executive, which set out the key policies and programmes for the main services provided by the Council. It receives a summary report of decisions made by the Executive, and reports on specific issues raised by the Overview and Scrutiny Management Committee. The Council also considers questions and motions submitted by Council Members on matters for which the Council has a responsibility or which affect the City.

## **PUBLIC INVOLVEMENT**

**Questions:-** People who live or work in the City may ask questions of the Lord Mayor, Chairs of Committees and Members of the Executive. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.8)

**Petitions:-** At a meeting of the Council any Member or member of the public may present a petition which is submitted in accordance with the Council's scheme for handling petitions. Petitions containing more than 1,500 signatures (qualifying) will be debated at a Council meeting. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.1)

**Representations:-** At the discretion of the Lord Mayor, members of the public may address the Council on any report included on the agenda in which they have a relevant interest. Any member of the public wishing to address the meeting should advise the Democratic Support Officer (DSO) whose contact details are on the front sheet of the agenda.

**Deputations:-** A deputation of up to three people can apply to address the Council. A deputation may include the presentation of a petition. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.7)

## **MEETING INFORMATION**

**Use of Social Media:-** The Council supports the video or audio recording of meetings open to the public, for either live or subsequent broadcast. However, if, in the Chair's opinion, a person filming or recording a meeting or taking photographs is interrupting proceedings or causing a disturbance, under the Council's Standing Orders the person can be ordered to stop their activity, or to leave the meeting.

By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and or/training purposes. The meeting may be recorded by the press or members of the public.

Any person or organisation filming, recording or broadcasting any meeting of the Council is responsible for any claims or other liability resulting from them doing so.

Details of the Council's Guidance on the recording of meetings is available on the Council's website.

**Mobile Telephones** – Please switch your mobile telephones or other IT to silent whilst in the meeting.

Southampton: Corporate Plan 2022-2030 sets out the four key outcomes:

- Communities, culture & homes - Celebrating the diversity of cultures within Southampton; enhancing our cultural and historical offer and using these to help transform our communities.
- Green City - Providing a sustainable, clean, healthy and safe environment for everyone. Nurturing green spaces and embracing our waterfront.
- Place shaping - Delivering a city for future generations. Using data, insight and vision to meet the current and future needs of the city.
- Wellbeing - Start well, live well, age well, die well; working with other partners and other services to make sure that customers get the right help at the right time

**Access** – Access is available for disabled people. Please contact the Council Administrator who will help to make any necessary arrangements.

**Smoking policy** – The Council operates a no-smoking policy in all civic buildings.

**Fire Procedure** – In the event of a fire or other emergency, a continuous alarm will sound and you will be advised by Council officers what action to take.

Proposed dates of meetings	
2024	2025
15 May (AGM)	26 February (Budget)
31 July	26 March
18 September	
27 November	

## **CONDUCT OF MEETING**

### **FUNCTIONS OF THE COUNCIL**

The functions of the Council are set out in Article 4 of Part 2 of the Constitution

### **RULES OF PROCEDURE**

The meeting is governed by the Council Procedure Rules as set out in Part 4 of the Constitution.

### **BUSINESS TO BE DISCUSSED**

Only those items listed on the attached agenda may be considered at this meeting.

### **QUORUM**

The minimum number of appointed Members required to be in attendance to hold the meeting is 17.

## **DISCLOSURE OF INTERESTS**

Members are required to disclose, in accordance with the Members' Code of Conduct, **both** the existence **and** nature of any "Disclosable Pecuniary Interest" or "Other Interest" they may have in relation to matters for consideration on this Agenda.

### **DISCLOSABLE PECUNIARY INTERESTS**

A Member must regard himself or herself as having a Disclosable Pecuniary Interest in any matter that they or their spouse, partner, a person they are living with as husband or wife, or a person with whom they are living as if they were a civil partner in relation to:

- (i) Any employment, office, trade, profession or vocation carried on for profit or gain.
- (ii) Sponsorship: Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
- (iii) Any contract which is made between you / your spouse etc (or a body in which you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.
- (iv) Any beneficial interest in land which is within the area of Southampton.
- (v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.
- (vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interest.
- (vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:
  - a) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body, or
  - b) if the share capital of that body is of more than one class, the total nominal value of the

shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

### **Other Interests**

A Member must regard himself or herself as having an, 'Other Interest' in any membership of, or occupation of a position of general control or management in:

Any body to which they have been appointed or nominated by Southampton City Council

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

Any body whose principal purpose includes the influence of public opinion or policy

### **Principles of Decision Making**

All decisions of the Council will be made in accordance with the following principles:-

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from officers;
- respect for human rights;
- a presumption in favour of openness, accountability and transparency;
- setting out what options have been considered;
- setting out reasons for the decision; and
- clarity of aims and desired outcomes.

In exercising discretion, the decision maker must:

- understand the law that regulates the decision making power and gives effect to it. The decision-maker must direct itself properly in law;
- take into account all relevant matters (those matters which the law requires the authority as a matter of legal obligation to take into account);
- leave out of account irrelevant considerations;
- act for a proper purpose, exercising its powers for the public good;
- not reach a decision which no authority acting reasonably could reach, (also known as the "rationality" or "taking leave of your senses" principle);
- comply with the rule that local government finance is to be conducted on an annual basis. Save to the extent authorised by Parliament, 'live now, pay later' and forward funding are unlawful; and
- act with procedural propriety in accordance with the rules of fairness.

Richard Ivory, Solicitor  
Director of Legal and Governance  
Civic Centre, Southampton, SO14 7LY

Tuesday, 7 May 2024

**TO: ALL MEMBERS OF THE SOUTHAMPTON CITY COUNCIL**

You are hereby summoned to attend the Annual Meeting of the COUNCIL to be held on WEDNESDAY, 15TH MAY, 2024 in the GUILDHALL, CIVIC CENTRE at 11.00 am at which meeting the business set out in items 1 and 2 are proposed to be transacted, and in the COUNCIL CHAMBER in the afternoon at 2.00 pm when the business set out in items 3 onwards are proposed to be transacted:-

**1 ELECTION OF A LORD MAYOR FOR ENSUING YEAR**

**2 ELECTION OF A SHERIFF FOR THE ENSUING YEAR**

**3 APOLOGIES**

To receive any apologies.

**4 MINUTES (Pages 1 - 14)**

To authorise the signing of the minutes of the Council Meeting held on 20<sup>th</sup> March 2024, attached.

**5 ANNOUNCEMENTS FROM THE LORD MAYOR AND LEADER**

Matters especially brought forward by the Lord Mayor and the Leader.

**6 ELECTION OF THE LEADER**

To elect a Leader of the Council for the ensuing year. Following the election the Leader will announce membership of the Cabinet.

**7 ANNUAL REVIEW OF THE CONSTITUTION (Pages 15 - 106)**

Report of the Director of Legal and Governance outlining the Annual Review of the Constitution.

**8 APPOINTMENTS TO COMMITTEES, SUB-COMMITTEES AND OTHER BODIES**

A Appointment of Members

The Leader to move that, subject to alterations as may from time to time be made by the Council, the necessary Committees, Sub-Committees and other bodies and external organisations be appointed by the Council with the number and allocation of seats to political groups as set out in a schedule to be tabled at the meeting.

B Appointment of Chair

To appoint the Chair to each of the Committees and Sub-Committees appointed by the Council.

**9 CALENDAR OF MEETINGS**

To approve the following dates for meetings of the Council in the 2024/25 Municipal Year.

31 July 2024  
18 September 2024  
27 November 2024  
26 February 2025 (Budget)  
26 March 2025

**10 DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS**

To receive any requests for Deputations, Presentation of Petitions or Public Questions.

**11 EXECUTIVE BUSINESS**

Verbal report of the Leader of the Council.

**12 MOTIONS**

**13 QUESTIONS FROM MEMBERS TO THE CHAIRS OF COMMITTEES OR THE MAYOR**

To consider any question of which notice has been given under Council Procedure Rule 11.2.

**14 SOUTHAMPTON CITY COUNCIL AND POLICE AND CRIME COMMISSIONER ELECTIONS 2024 (Pages 107 - 110)**

Report of the Returning Officer detailing the results of the 2024 City Council and Police and Crime Commissioner Elections.

**15 HOUSEHOLD SUPPORT FUND ( (Pages 111 - 120)**

Report of Cabinet Member for Communities and Leisure seeking approval to accept and authorise expenditure in relation to the next phase of Household Support Fund funding for 1 April 2024 to 30 September 2024 inclusive.

**16 OVERVIEW AND SCRUTINY: ANNUAL REPORT 2023/24 (Pages 121 - 136)**

Report of the Chair of the Overview and Scrutiny Management Committee in 2023/24 summarising scrutiny activity over the past twelve months.

**17 OVERVIEW AND SCRUTINY: SUMMARY OF CALL-IN ACTIVITY**

(Pages 137 - 140)

Report of the Scrutiny Manager providing Council with a summary of the use of the Call-in procedure since the previous update in November 2023.



Richard Ivory  
Director – Legal and Governance



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## SOUTHAMPTON CITY COUNCIL

### MINUTES OF THE COUNCIL MEETING HELD ON 20 MARCH 2024

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#### Present:

The Lord Mayor, Councillor Laurent  
The Sheriff, Councillor Shields  
Councillors Allen, J Baillie (except items 72 (part), 73-80), P Baillie,  
Blackman, Mrs Blatchford, Barbour, Barnes-Andrews, Beaurain, Bogle,  
M Bunday, T Bunday, Chapman (except items 73 (part), 74-80), Cox,  
Denness, Evemy, Fielker, Finn, Fitzhenry, A Frampton, Y Frampton, Galton  
(except items 72 (part), 73-80), Goodfellow (except items 78 (part), 79-80),  
Greenhalgh, Houghton, Kataria, Kenny, Keogh, Lambert, Leggett, Letts,  
McCreanor, Mrs Mintoff, Moulton (except items 72 (part), 73-80), Noon,  
Dr Paffey, W Payne, Powell-Vaughan, Quadir (except items 72 (part), 73-  
80), Rayment, Renyard, Savage, Ugwoeme, Webb, Whitbread, Windle and  
Winning

#### 68. APOLOGIES

It was noted that apologies had been received from Councillors Kaur and McEwing.

#### 69. MINUTES

**RESOLVED** that the minutes of the Council Meeting held on the 15<sup>th</sup> November 2023, 3<sup>rd</sup> January 2024, 21<sup>st</sup> February 2024 and 6<sup>th</sup> March 2024 be approved and signed as a correct record.

#### 70. ANNOUNCEMENTS FROM THE LORD MAYOR AND LEADER

Announcements from the Lord Mayor

##### (i) New Microphone System

Members, you will see that there is a new digital microphone system in operation which is operated in the same way as the previous system by pressing the button on the right to speak which will show a red light and then by turning it off when you have finished speaking. Sound Engineers have been working this week to finesse the acoustics and are on hand for today's meeting to assist if needed, but please bear with us if there appears to be any feedback on sound. The new equipment has numerous other features such as allowing electronic voting but those will be in place in due course.

##### (ii) Last meeting of the Municipal Year

Members as you know this is the last meeting of the Municipal Year. I have enjoyed my time as Chair of these meetings even if often they have been challenging circumstances.

I also thank all Members of the Council for their hard work and contributions made during this past year.

Some Councillors are not seeking re-election Councillors Fitzhenry, Paffey, McEwing, Quadir and T Bunday. We thank them for their service to their communities and wish them well.

(iii) Goodbye to Adam Wilkinson

Members, I would like to formally say goodbye to Adam Wilkinson, Interim Executive Director of Place and thank him for all his hard work, dedication, and commitment to the City Council.

(iv) Change in order of today's business

Members, you will note from the order of the summons for today's meeting that item 13, Asset Development and Disposal Programme (ADDP) is last on the agenda in order that we can consider the confidential appendix should we need to. As that would require the Chamber to be cleared of the press and public, I intend to deal with that item last.

In addition, we have a linked item on the agenda today. We have an Executive Question in the name of Councillor Moulton, linked to the Public Question from Mr Obiri-Danso. I would suggest that we change the agenda running order so that we bring forward Executive Question 2 and hear it directly after Mr Obiri-Danso's questions.

Members, you will also be aware it is practice to bring forward the items of business on the agenda ahead of Executive Business and Motions, therefore items 9 – 11 will be taken ahead of items 5 – 8 with items 12 – Exclusion of the Press and Public and item 13 – Asset Development and Disposal Programme moving to the end of the meeting in order that the meeting can go into confidential session

The running order will therefore be the public questions followed by Executive Question 2 in the name of Councillor Moulton. We will then deal with items 9-11 followed by items 5-8 and then items 12 and 13.

(v) Lord Mayor Charity Events

Members, I have some upcoming charity events to remind you of:-

28th March, Friends of Old Southampton will be presenting Mayoral Connections with Southampton Old Cemetery, a talk and exhibition with tea and cake.

14th April, Classic Car Display against the ancient walls of West Quay.

5th May, Blessing of the Water on Rogation Sunday on the SS Shieldhall at 2.30pm.

I look forward to seeing you there.

(vi) Easter Egg Collection

As many of you will be aware the Council alongside our highways partner Balfour Beatty Living Places supports collecting Easter eggs for children across the city (i.e. children in our care, food banks etc). Last year 3,000 eggs were donated. We hope to beat that this year.

Thank you to those officers and members who have already contributed. If you haven't already donated the last day to receive collections is today, donations can be left with the Member's Services team, Main Reception or Councillor Rayment, who is organising the drop off. Monetary donations can also be made and the buying can be done for you.

(vii) Filming

Members, today's meeting is being live streamed and will also be available for members of the public to view online after the meeting. For any member of the public filming, I remind you that the right to film is limited to the duration of the meeting and recording must cease when I close the meeting. Filming or recording is not permitted if the effect would be to interrupt or disturb the proceedings or if it is intrusive of a specific individual or individuals. If in my opinion this is occurring, it will not be permitted, and I will ask you to stop.

Similarly, some members of the public attending the meeting may object to being filmed, photographed or recorded and will expect that these wishes are complied with.

Announcement by the Leader:

Members, it gives me great pleasure to announce a new park in the city following the recent Daily Echo's competition to name it. With a reader's poll of more than 2,600 the winning name was "Arundel Gardens" which closely links with our rich heritage and the iconic Arundel Tower, which dates all the way back to the 13th Century.

We are incredibly proud of our heritage in Southampton and the winning name reflects that residents are too. I'm excited to see how both the bus hub and the park projects progress. The bus hub will support a better bus provision for both residents and visitors, as well as a choice of transport options and will boost the city's economy by encouraging more tourists to visit.

We hope to open Albion Place Bus Hub and Arundel Gardens by the end of the year, so that the community can enjoy the new facilities.

71. DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS

The Council received and noted the following deputation:

(i) Glen Eyre Quietway – Mr Obiri-Danso

The Council received the following Public Questions from Mr Obiri-Danso which was responded to by Councillor Keogh, Cabinet Member for Environment and Transport

I work in the Southampton Science Park in Chilworth and live in Bitterne. Since I don't have a car, I previously cycled, and due to recent health problems, now use the Voi hire scooters to get to work at least twice a week.

My usual route takes me through Glen Eyre Road, which has recently had traffic calming measures implemented in order to improve the safety for vulnerable road users and pedestrians.

Some of these measures include the kerb buildouts around the northern part of the road, between Bassett Avenue and Glen Eyre Halls.

While it is claimed that this is to make motor traffic slow down, I feel, and have concurred with a colleague of mine that cycles through the same road, that it has made travelling down this road more treacherous, since there were weeks of road closures to put the buildouts in, but none of the potholes were filled in on this side of the road, making the ride quality worse as there is no way of avoiding these.

#### QUESTION 1

Why were kerb buildouts deemed to be the best idea for this stretch of road rather than keeping the road layout as it was?

#### ANSWER

Build outs were installed to help reinforce the lower 20mph speed limit along Glen Eyre Road. The buildouts have been positioned to compliment on-street car parking bays, which in the previous set up would have required road users to move out and pass a parked vehicle. The width of the carriageway at the buildouts are in accordance with design guidance to reduce the chance of drivers performing a close pass on cyclists.

Ongoing post-scheme monitoring indicates an 85% reduction in vehicle speed along Glen Eyre Road, from 28.1 mph to 21.1 mph. The reduced speeds will result in a safer environment for cycling and walking.

#### QUESTION 2

In either case, why weren't the potholes filled and the road resurfaced during the works, as they were past Violet Road junction, and is there any scope to do this in the near future?

#### ANSWER

Some surface defects in the carriageway have been corrected during the scheme. During a post scheme review, additional areas have now been identified for repair and are programmed to be addressed under the annual Roads Maintenance Programme.

## 72. EXECUTIVE BUSINESS

A verbal report of the Leader of the Council was given setting out the details of the business undertaken by the Executive.

The Leader and the Cabinet made statements and responded to questions.

The following questions were submitted in accordance with Council Procedure Rule 11.1:-

1. Lifts in tenant's buildings

Councillor Galton to Councillor A Frampton

QUESTION: Given the record increases to Tenants' Rents, are you meeting your duty with regards lift provision in Council buildings and what would your message be to those that continually have to cope with broken down lifts when using their homes or visiting friends locally?

ANSWER: The maintenance of lifts and other repairs and maintenance to council owned homes, are funded by the Housing Revenue Account. Income to this account, to ensure sufficient funds are available, is raised through the rent charged for those homes. I remain committed to improving the services Southampton City Council tenants receive.

2. Glen Eyre Cycle Scheme

Councillor Moulton to Councillor Keogh

QUESTION: Is £850,000 good use of money for the Glen Eyre Cycle Scheme?

ANSWER: The Glen Eyre cycle scheme is part of the Southampton Cycle Network (SCN) route 5, facilitating connections for the University of Southampton campus and the largest halls complex, where approximately 1,900 students reside. SCN5 also serves as a link for Cantell High School, Chilworth Science Park, and the broader city region to Chandlers Ford. This scheme is funded from the Transforming Cities Fund by the UK Government. The scheme has delivered a new 1.1 km quietway cycleway, incorporating traffic calming measures to reduce vehicle speeds. Additionally, it features an improved traffic signal junction at the intersection of A35 Burgess Road and Glen Eyre Road. This upgraded junction includes bus priority signal technology, pedestrian countdown timers, and expanded pedestrian waiting areas. Furthermore, the scheme allocates space for innovative technologies such as EV charging, scooter and bike hire. Ongoing post-scheme monitoring indicates a reduction in 85th %ile vehicle speeds along Glen Eyre Road, from 28.1 mph to 21.1 mph. The reduced speeds will result in a safer environment for cycling and walking – from the Southampton Walking and Cycling Index report 2023, 50% of respondents would find streets with 20mph speed limits would be useful to walk more and 45% to cycle more.

3. Paignton Road Play Park

Councillor Moulton to Councillor Letts

QUESTION: Can the Cabinet Member advise on the status of the £100,000 funding for the Paignton Road Play Park that was allocated to the budget by the previous Conservative Administration? When will the money be released and the play park redeveloped?

ANSWER: Verbal response given at the meeting.

It's an entirely valid question. Councillor Moulton has been here a long time and has a rich history of campaigning on behalf of his residents and I am sure this is part of that process. We all have aspirations to support additional capital schemes in our area to support our residents and that is entirely fair. We paused the programme on play parks earlier in the year so that we could look at the whole capital programme. We have allocated £700k to Play Parks for next year. The decision on which of those play parks will be invested in lies with my Cabinet colleague Councillor Keogh and he will be considering those options over the next couple of months or so. The broader issue for us is the need to find capital resources to invest in our City and we will have a broader debate on that later in the meeting. So that is where we are. The answer is it will come, but not necessarily as fast as you want.

#### 4. Children's Services Budget

Councillor J Baillie to Winning

QUESTION: Because of the parlous state of the SCC finances, the budget for Children's Services has been hit. How confident are you that the good work over the last 3 years will not be undone because of budgetary pressures?

ANSWER: Verbal response given at the meeting.

Thank you for the question and rightly pointing out the good work that has been achieved over the last three years within Children Services. We mentioned that earlier and I know everyone in this Chamber is very proud of that. It's a short answer, we are very confident the good work will not be undone. We are building a strong and robust service that is ultimately sustainable and fit for the future that is the priority. I would also point out that the budget has been increased from last year, so it hasn't been hit, but I think it is really important to recognise nationally that social care is in crisis, not funded properly by Government, not prioritised by Government. We have to tread carefully but given the leadership and dedicated workforce we have here in Southampton, as well as the initiatives we are working towards, I do have total confidence that the work will not be undone.

#### 5. Southampton Children's Play Association Grant

Councillor Beaurain to Councillor Winning

QUESTION: What steps did the Cabinet Member take to prevent the closure of a fifty year old Southampton charity, Southampton Children's Play Association, which couldn't survive without the council grant which you have withdrawn?

ANSWER: When Southampton Children's Play Association's (SCPA's) contract with the Council came to an end on 31 December 2023, Southampton City Council offered the organisation a grant of £36k to support with their core back office costs whilst they reviewed their business model and sought additional income from external sources and contracts to cover their overheads. Commissioners had been working closely with them to support this process. As a general rule we would expect organisations to distribute their overheads and core costs evenly across all their service contracts. In addition to offering the £36k grant, council officers have also continued to work with SCPA around their HAF (Holiday Activity and Food) programme application. All organisations are open to bid for HAF funding and SCPA has been a valued and significant provider of HAF activities in the past. Additionally Council officers have been

meeting regularly with the organisation and have offered support with both identifying and responding to external funding opportunities (e.g. support with reviewing applications); and mentoring of the organisation's Trustees as well as support with recruiting new Trustees. We have also been encouraging them to work with Young Southampton, the newly formed Young People's alliance in the city, to identify and secure alternative sources of funding from external grants and local investors. The decision of SCPA to close came as a surprise following several positive meetings where the organisation was indicating that it had secured income from a number of sources to cover its costs and is of much disappointment, as we were in the middle of discussions around the profiling of the grant and open to flexing this to whatever worked best for SCPA.

## 6. Prevention of anti social behaviour

Councillor Beaurain to Councillor Renyard

QUESTION: The residents of Laxton Close have play area which attracts anti-social behaviour and crime. Despite progress being with the police with the support of the Police and Crime Commissioner to tackle this, the council seems disinterested fulfilling its duties as a partner in the prevention of crime. What does the Cabinet Member intend to do to help residents in Laxton Close and across the city who feel council does not do enough to prevent anti-social behaviour?

ANSWER: Tackling ASB is a key Safe City Partnership objective, bringing the Council, Police, key partners and residents together to make the city a safer place to live. From Mar 23- Feb 24 that partnership working has helped reduce ASB offences by 20% across the city (compared to the same period 22/23). Issues around Laxton Close have been previously raised and you have received responses from several council departments, including looking at Public Space Protection Orders and the suggestion of an ASB case review. The partnership response under Operation Auction was that police agreed to increase patrols in the area, which you have acknowledged in your question has helped progress matters. Our Stronger Communities team works with police in coordinating Police and Communities Together (PACT) meetings and leads the weekly Partnership Action Groups where ASB issues are brought for joint problem solving so we have a number of routine meetings where residents or Police can raise ASB issues. The Team have also previously successfully bid for Home Office Safer Streets funding to tackle ASB and are in the process of submitting further funding bids to the PCC, supported by Police. This has included the purchase and deployment of temporary CCTV cameras to react swiftly to monitor crime and ASB hotspots, deployed through the PAG's or at police request. We still face challenges of ASB in certain areas, and I sympathise with residents in Laxton Close and am glad that police, who we work with closely, are able to support them.

## 7. Pedestrian crossing Osborne Road

Councillor Barbour to Councillor Keogh

QUESTION: If we want to encourage more people to walk around the city we need to make it easier for them. With increasing traffic on Thomas Lewis Way and with the planned busgate local roads will become busier. On the corner of St Denys Road and Thomas Lewis Way there is not a button to press to cross the road, can this be

investigated with a view to installing a crossing from Osborne Road S to Osborne Road N.

ANSWER: The junction of A335 Thomas Lewis Way and A3035 St Denys Road underwent upgrades in 2022-2023 as part of the Transforming Cities Fund program. These enhancements included the installation of new traffic signal technology to alleviate congestion along the corridors, as well as the addition of a new cycle facility. For the western arm (specifically Osborne Road North / South), several improvements were implemented:

- Enhanced drop kerbs for improved accessibility;
- New tactiles to assist visually impaired pedestrians; and
- A new road surface. Due to a number of underground utility services on this corner it is not possible to install traffic signal poles in the correct location for a controlled pedestrian crossing without significant and costly relocation of the services. Pedestrians using this arm are required to wait and assess traffic gaps before crossing safely.

## 8. Southampton Climate Assembly

Councillor Blackman to Councillor Keogh

QUESTIONS: Recommendations made by the Southampton Climate Assembly include longstanding ambitions for transport in the city, including Park and Ride, a metro system, and making cycling safe and attractive for everyone. How will the administration prioritise the Assembly's recommendations?

ANSWER: Verbal response given at the meeting.

As we know in 2023 the Citizens Assembly in Southampton focussed on climate change and transport. Randomly selected residents were tasked with the question of how to create an accessible, affordable, and connected transport system while reducing carbon emissions and meeting climate targets. Their vision statement 'people in Southampton using public transport and active travel as their main ways of getting around'. The Assembly made a number of recommendations covering a metro style transport system, cycling infrastructure, walking, park and ride, traffic flow improvements, accessibility enhancements, affordability measures, safety initiatives, education, communication and connectivity. The Council has acknowledged these recommendations, and we will be updating our Local Transport Plan in 2025. We will be incorporating and recognising the value of those recommendations. Some of those recommendations are already in our current Local Transport Plan including progress on the Southampton Cycle network, exploration of mass transit operations and the development of a park and ride service for Southampton General Hospital staff. As part of the Local Plan Review we have to produce a three year implementation plan which will be created prioritising improvements to the Local Plan based on the funding available, deliverability, timelines etc. So, I think that commitment is there and I for one was truly inspired to be at that event and as I mentioned our grateful thanks to Councillor Savage for promoting that and all the others that were there. We couldn't have helped be inspired by the enthusiasm of those residents that were there, their knowledge their commitment and certainly I know I have that commitment, this Administration has that commitment to continue to work with our residents and particularly to take on board what was said through the Assembly. One of the things I would finish with is their request to all of us as Elected Members that we need to make sure that we can work together collaboratively and maybe that means we can discuss



things in a very mature and civilised way. I know that you are always capable of doing that.

## 9. Signage improvements

Councillor Chapman to Councillor Keogh

QUESTION: In September, Full Council passed a motion supporting the introduction of both additional signage and electronic signage aimed at reducing speeds on various roads, including Bassett Avenue and Bassett Green Road. Since then, I have been working with officers to deliver elements of this on Bassett Avenue specifically. Despite my best efforts officers are yet to agree to any signage improvements despite reasonable legal options being available. Can you provide assurance that the necessary resources and efforts will be allocated not just to this but elsewhere in the City where Councillors raise reasonable requests for signage improvements?

ANSWER: If a Councillor wishes to raise a request for signage improvements related to speed limit changes, they can do so, and the request will be reviewed against the national guidance from the Department for Transport on the use of speed limit signs. If the review identifies that additional signage is required to comply with the guidance, steps will be taken to rectify the location. The guidance does not allow for the use of additional 30mh signage as repeater signage on street lit roads. The Council has funding in place to continue the use of Vehicle Activated Signs for the use of speed limit awareness and will be continuing the programme in 2024 / 2025. The Signs were last in place at Bassett Avenue in January 2024 and will be in place again in July 2024.

## 73. MOTIONS

(a) Councillor Fielker moved and seconded by Councillor Lambert

This council notes that in the lead up to a General Election the Household Support Fund has been extended for an additional six months, the lateness of the notification announcement and that guidance was not provided at the same time.

This council also notes that the Household Support Fund provides hardship support for the poorest households in Southampton who are most impacted by the cost-of-living crisis and that a failure to continue the fund after October or replace it with a more permanent crisis support system would lead to a surge in families unable to meet basic living costs in the winter.

This council resolves to write to the Leaders of the three largest political parties to ask that if they are in government following the election they commit to:

- continuing to provide support to those most in need through hardship funds delivered by local authorities
- that funds are distributed to local authorities based on need
- that local authorities, who understand the needs of their communities best, are able to make local decisions on how those funds are distributed.

- that a multi-year commitment is made to enable local authorities to enable them to plan distribution in an efficient manner

Amendment moved by Councillor P Baillie

Insert the following paragraph after paragraph 2 and before paragraph 3

“This Council notes with dismay the huge increase in HRA rents, together with the large rises in Energy Bills for our tenants, which disproportionately hit the poorest families trying to meet their basic living costs, which have already increased due to the impact of inflation from COVID and the Ukraine War. This Council also notes with relief that the national Conservative Government did not agree to the Labour Administration’s request for catastrophic council tax rises this year”.

Amended Motion to read:

This council notes that in the lead up to a General Election the Household Support Fund has been extended for an additional six months, the lateness of the notification announcement and that guidance was not provided at the same time.

This council also notes that the Household Support Fund provides hardship support for the poorest households in Southampton who are most impacted by the cost-of-living crisis and that a failure to continue the fund after October or replace it with a more permanent crisis support system would lead to a surge in families unable to meet basic living costs in the winter.

This Council notes with dismay the huge increase in HRA rents, together with the large rises in Energy Bills for our tenants, which disproportionately hit the poorest families trying to meet their basic living costs, which have already increased due to the impact of inflation from COVID and the Ukraine War. This Council also notes with relief that the national Conservative Government did not agree to the Labour Administration’s request for catastrophic council tax rises this year.

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- that funds are distributed to local authorities based on need
- that local authorities, who understand the needs of their communities best, are able to make local decisions on how those funds are distributed.

that a multi-year commitment is made to enable local authorities to enable them to plan distribution in an efficient manner.

UPON BEING PUT TO THE VOTE THE AMENDMENT IN THE NAME OF COUNCILLOR P BAILLIE WAS DECLARED LOST

UPON BEING PUT TO THE VOTE THE SUBSTANTIVE MOTION IN THE NAME OF COUNCILLOR FIELKER WAS DECLARED CARRIED

**RESOLVED** that the motion be approved.

(b) Revised Motion tabled at the meeting, moved by Councillor Barbour, seconded by Councillor Wood

This motion recognises the river Itchen as one of the natural assets of our city and calls on the Council to ensure that commerce can thrive and that the balance between private and public access to the waterfront is maintained and improved.

The banks of the river Itchen have been used for centuries for commerce. In recent years sites have been built on for residential flats. With the decarbonisation of electricity production transportation now produces a greater percentage of CO<sub>2</sub> than any other sector. Transportation by sea only produces 1% of the CO<sub>2</sub> compared to by lorry for a given distance per tonne.

The Hampshire Waste & Mineral plan calls on SCC to put safeguards in place to protect important aggregate sites; including limiting the loss of existing sites along the river Itchen, without as good or better local alternatives to replace any lost provision. If we want this to remain a possibility for future generations, we need to ensure such sites are safeguarded, until such times when they are no longer needed; are relocated; or the merits of the development clearly outweigh the need for safeguarding, in accordance with the Hampshire Minerals and Waste plan.

There are businesses in Northam that currently use bulk transportation by water of scrap for recycling importing aggregate and cement for concrete production. This is carbon efficient transport and should be supported. There are limited locations around the UK where shipping and use of wharfs is possible. Southampton is one of these few precious locations. Shipping of materials also requires multiple locations around Britain to thrive.

The River Itchen Flood alleviation scheme and any other potential future development or regeneration along the river Itchen gives us an opportunity to not only improve and safeguard local communities; but to provide better access and a healthier river environment for Southampton land and waterside.

To reduce climate change we will need to make difficult choices.

For the wellbeing of the citizens access to the waterfront needs to be maintained and improved as its benefits for mental and physical health are well described.

Council therefore resolves to:

1. use all powers at its disposal such as the Local Plan, planning controls, and any relevant policy such as the Hampshire Mineral and Waste plan to ensure we secure the right mix of economic, social, ecological and environmental benefits that protect the wellbeing of our residents both now and in the future.
2. maintain waterfront access, and where sites are being redeveloped, make it a planning expectation that improved public access to the waterfront is a default position.
3. Move towards a greater % of river access than the current access of at least 25% on the west side and 30% on the east side.

UPON BEING PUT TO THE VOTE THE MOTION IN THE NAME OF COUNCILLOR BARBOUR WAS DECLARED CARRIED

**RESOLVED** that the motion be approved.

(c) Moved by Councillor P Baillie

Southampton Council has just passed a budget for 24/25 balanced only by a loan of £40M from the government.

This financial disaster was one of this Labour Council's own making and was entirely preventable.

The recovery plan assumes the underlying £40M structural deficit for 25/26 is solved within the next seven months.

This council has no confidence whatsoever in the current administration's ability to procure the required savings and transformation in that timescale – the failure of which will cause even more financial misery on the people of Southampton.

This council calls upon the Labour administration to apologise now to the people of Southampton for their past, current and future financial failures.

UPON BEING PUT TO THE VOTE THE MOTION IN THE NAME OF COUNCILLOR P BAILLIE WAS DECLARED LOST

**RESOLVED** that the motion be rejected.

74. QUESTIONS FROM MEMBERS TO THE CHAIRS OF COMMITTEES OR THE MAYOR

It was noted that no requests for Questions from Members to the Chairs of Committees or the Lord Mayor had been received.

75. APPOINTMENTS TO COMMITTEES, SUB-COMMITTEES AND OTHER BODIES

It was noted that there were no changes to the Appointments to Committees, Sub-Committees and Other Bodies.

76. SOLENT LOCAL ENTERPRISE PARTNERSHIP INTEGRATION INTO THE SOLENT UNITARY AUTHORITIES

Report of the Leader of the Council detailing the Solent Local Enterprise Partnership Integration into the Solent Unitary Authorities.

**RESOLVED:**

- (i) To delegate authority to the Chief Executive, following consultation with the Leader and Executive Director for Corporate Services (and S151 officer), to agree the final details of the transfer of LEP functions to the UTLAs, including future governance arrangements.
- (ii) To approve in principle the proposed draft governance structures attached as Appendix One that demonstrate how SCC plans to work with our sub-regional partners to achieve our economic growth ambitions which will need to be outlined in an updated Solent 2050 Strategy.
- (iii) Subject to the agreement of PCC and IOWC, to agree that PCC is confirmed as the Accountable Body for the new a new joint UTLA Board, with the Leader of SCC acting as the first board chair.

- (iv) SCC agrees that the existing LEP funding, should be disaggregated to the three Solent UTLAs and be pooled (subject to the agreement of Isle of Wight Council and Portsmouth City Council), for the benefit of economic growth of the sub-region, defined as the combined geographies of the three Solent UTLAs.
- (v) Agree that, subject to the three Solent UTLA area being recognised by the Government as an area for LEP Integration, with appropriate legal due diligence, to delegate authority to the Chief Executive, following consultation with the Leader to determine whether SCC will become a Member of Solent Partners (SP). This agreement to be conditional on all three UTLAs agreeing to become Members of Solent Partners in conjunction.
- (vi) To agree that SCC should not appoint a Director to the Board of Solent Partners to ensure that there is no conflict of interest with the wider governance needed for the new LEP integration arrangements. The three UTLAs will seek appropriate requirements, within the articles of Solent Partners, to ensure representatives of the three Solent UTLAs are entitled to observe board meetings.
- (vii) To delegate authority to the Chief Executive, following consultation with the Leader to work with all sub-regional partners to develop an agreement on how to deliver economic growth for the functional economic area and take ownership of the Solent 2050 strategy.
- (viii) To support the creation of a Solent Economic Partnership, inviting adjacent Districts and Boroughs, Hampshire County Council (HCC), and other key public sector stakeholders to participate, to enable Local Authorities leaders and the private sector to have an opportunity to discuss and support economic growth in the Solent sub-region.
- (ix) To approve the proportional disaggregation of existing assets held by the SLEP to the Accountable Body (PCC) on behalf of the Upper Tier Local Authorities, including HCC (subject to the agreement of the three Solent unitary UTLAs).

77. CORPORATE PLAN 2024

Report of the Leader of the Council seeing approval of the new Corporate Plan.

**RESOLVED:**

- (i) To approve the Corporate Plan (2024 update), appended to the report.
- (ii) To delegate authority to the Chief Executive to make minor amendments to the corporate plan following consultation with the Leader of the Council.

78. PAY POLICY 2024-2025

Report of the Chief Executive detailing the Pay Policy 2024-25.

**RESOLVED:**

- (i) To approve the Pay Policy statement for 2024 -2025.
- (ii) To delegate authority to the Executive Director Corporate Services to amend the Pay Policy once the proposed revisions to the Severance & Pensions Payments: Discretionary Powers Policy are agreed by the Governance Committee.

79. EXCLUSION OF THE PRESS AND PUBLIC - EXEMPT PAPERS INCLUDED IN THE FOLLOWING ITEM (IF NEEDED)

**RESOLVED:** To move that in accordance with the Council's Constitution, specifically the Access to Information Procedure Rules contained within the Constitution, the press

and public be excluded from the meeting in respect of any consideration of the exempt appendices to the following Item.

Appendix 1, 2, 3 and 4 of this report contains information deemed to be exempt from general publication based on Category 3 (information relating to the financial or business affairs of any particular person (including the Authority holding the information)) of paragraph 10.4 of the Council's Access to Information Procedure Rules. In applying the public interest test this information has been deemed exempt from the publication due to commercial sensitivity. It is not considered to be in the public interest to disclose this information as it would reveal information which would put the Council at a commercial disadvantage.

80. ASSET DEVELOPMENT AND DISPOSAL PROGRAMME (ADDP)

Report of the Cabinet Member for Economic Developing seeking detailing the Asset Development and Disposal Programme (ADDP).

**RESOLVED:**

- (i) To approve the overall Asset Development and Disposal programme and disposal of assets (as detailed in Appendix 2 and 3) which includes assets with a combined value at over £5M.

# Agenda Item 7

<b>DECISION-MAKER:</b>	GOVERNANCE COMMITTEE COUNCIL
<b>SUBJECT:</b>	ANNUAL REVIEW OF THE CONSTITUTION
<b>DATE OF DECISION:</b>	22 <sup>nd</sup> APRIL 2024 (GOVERNANCE COMMITTEE) 15 <sup>th</sup> MAY 2024 (COUNCIL)
<b>REPORT OF:</b>	DIRECTOR OF LEGAL AND GOVERNANCE AND MONITORING OFFICER

<b><u>CONTACT DETAILS</u></b>			
<b>Executive Director</b>	<b>Title</b>	Executive Director of Enabling Services	
	<b>Name:</b>	Mel Creighton	Tel: 023 8083 3528
	<b>E-mail</b>	Mel.creighton@southampton.gov.uk	
<b>Author:</b>	<b>Title</b>	Director of Legal and Governance and Monitoring Officer	
	<b>Name:</b>	Richard Ivory	Tel: 023 8083 2794
	<b>E-mail</b>	Richard.ivory@southampton.gov.uk	

<b>STATEMENT OF CONFIDENTIALITY</b>
N/A

<b>BRIEF SUMMARY</b>	
<p>This report sets out the annual review of the Constitution. This will be considered and initially discussed by Governance Committee on 22<sup>nd</sup> April 2024. The recommendations to both the Governance Committee and Council are included below. A further, more detailed review of the Constitution and a further targeted governance review is planned as part of the Council's Transformation Programme in 2024/5 in line with best practice as recommended by the Centre for Governance and Scrutiny (CfGS). It is a function of the Monitoring Officer to ensure the Constitution is kept both under review and up to date.</p>	
<p>As ever, the Constitution is a set of documents that changes regularly and, therefore, further revisions may be proposed prior to or at Council.</p>	
<b>RECOMMENDATIONS:</b>	
	<u>Governance Committee</u>
(i)	To consider and recommend the changes to the Constitution to Council for adoption including the creation of a new Audit Committee with or without independent, non voting members.
	<u>Council</u>
(ii)	To agree the changes to the Constitution and associated arrangements as set out in this report;
(iii)	To authorise the Director of Legal and Governance and Monitoring Officer to finalise the arrangements and wording to any revisions approved by Council and make any further consequential or minor changes arising from the decision; and

	(iv)	Approve the City Council's Constitution, as amended, including the Officer Scheme of Delegation, for the municipal year 2024-25.
<b>REASONS FOR REPORT RECOMMENDATIONS</b>		
1.	It is appropriate as a core tenant of good governance for the Council to keep its Constitution under regular review and to amend it, both to reflect experience and changing circumstances.	
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>		
2.	<p>The following options have been considered:</p> <ol style="list-style-type: none"> <li>1. Do nothing – the option to not update the Constitution was considered and rejected. This is not in line with recommended practice; would leave the Constitution out of date and would not reflect the way the council operates.</li> <li>2. A complete review of the Constitution – this option has been rejected for this report due to the resources required, however a plan is being drawn together to complete this review in time for 2025/26 municipal year.</li> </ol>	
<b>DETAIL (Including consultation carried out)</b>		
3.	<p><u>Officer Scheme of Delegation</u></p> <p>Following two Senior Management restructures in Autumn 2023 and April 2024 the scheme has been updated to ensure current delegations are allocated to the correct new Executive Director, Director or Head of Service as appropriate. The Director of Legal and Governance and Monitoring Officer has an existing delegation to keep the Scheme (and all parts of the Constitution, Appendix 1) updated and to reallocate delegated functions in year.</p>	
4.	No new functions are proposed.	
5.	<p><u>Revisions to Governance Committee</u></p> <p>In 2022 a report from CIFPA, Appendix 3, recommended the creation of a discrete Audit Committee which may include non-voting independent members if deemed appropriate in each Council's circumstances. For Southampton these functions are currently included as part of the Governance Committee's wide terms of reference. In recent times, particularly in 2023/4 committee agendas have been lengthy, with some items deferred to the next meeting, thereby not allowing members sufficient time to consider or scrutinise some reports. A review is timely on those grounds alone.</p>	
6.	<p>Any inclusion of independent members has to add value of course and in the past under the previous law the Council had 2/3 lay members with an independent chair for a period. Finding the right, truly independent members of the public, with the right knowledge that can enhance the committee's role but without any political affiliation or agenda is a crucial criteria. In addition, there would be an extra allowance payable for each as with the Designated Independent Person (circa £700 each). In the circumstances it is not considered there would not be sufficient benefit in appointing independent members at this point in time. This can, of course, be kept under review.</p>	
7.	<p>The CIFPA report focus is on scrutiny of financial matters rather than corporate governance, however, we do have a strong scrutiny function in place already. The relationship between Governance Committee, Overview Scrutiny and Management Committee and other scrutiny committees sometimes overlap so further, practical clarity is needed as to roles and which committee has oversight of what. Governance Committee does still see regular financial reports and in particular pre-budget setting so in some regards there is some duplication. "Budget scrutiny" however, has more</p>	



	traditionally been considered through Overview Scrutiny and Management Committee in a formal way as laid down in the Constitution which does, of course, include independent members which again not all authorities have.
8.	In light of the above it is proposed Governance and Audit functions be split into separate committees. Many upper tier authorities already have that in place and, in the council's circumstances, a clear and transparent focus on both finance and audit by one committee, coupled with the clear CIPFA guidance would be a prudent and focussed move. Revised draft terms of reference for these two proposed committees are shown in Appendix 2.
9.	<p><u>Financial Procedure Rules (FPRs)</u></p> <p>As part of the larger review of the Constitution, discussed in paragraph 2, the Financial Procedure Rules will be reviewed to ensure they are reflective of the revised Constitution and best practice. There is a financial management improvement programme in progress which includes a review of the FPRs to ensure they are effective and efficient.</p>
10.	<p><u>Contract Procedure Rules (CPRs)</u></p> <p>Changes to the Contract Procedure Rules (CPRs) are being proposed to strengthen and enhance the current provisions as well as ensuring that key policy and strategy commitments are considered as part of a procurement process where they are directly relevant to the contract.</p> <p>Section 1.5 of CPRs has been enhanced to include a number of additional areas where the rules do not apply. The changes reflect contracts that are exempt from the Public Contracts Regulation 2015 (PCR 2015), and have been incorporated into CPRs to ensure that the same considerations are being applied to contracts where the value falls within the scope of CPRs.</p> <p>The Health Care Services (Provider Selection Regime) Regulations 2023 (PSR 2023) came in to force on 1 January 2024 and internal processes have been adapted to incorporate these new regulations. These changes have been reflected in the proposed update to CPRs.</p> <p>The Medium Value Transaction Procedure is currently managed by the Procurement Team within the Supplier Management Service. It is proposed that this procedure becomes 'self-serve', with service areas taking responsibility for obtaining their quotes. This includes ensuring fair competition, being able to demonstrate best value and maintaining a robust audit trail of the process. This change will allow the Procurement Team to focus resource on supporting procurements falling within the High Value Transaction Procedure and those that are subject to the PCR 2015.</p> <p>Additional wording has been included to assist in determining the potential value of contracts, framework agreements, dynamic purchasing systems and concession contracts. This will allow officers to ensure that the full potential costs are considered and the right procurement procedure is selected.</p> <p>The update provides clarity in relation to procedural requirements such as the timescales in which contract award notices must be published, a requirement to carry</p>

	<p>out appropriate due diligence on suppliers identified following the Low and Medium Value Transaction Procedure and that emailed quotes and tenders cannot be accepted for procurements run in accordance with the PCR 2015, the PSR 2023 or the Concession Contract Regulations 2016 (CCR 2016).</p> <p>The revised CPRs also introduces the ability to consider a contract award on the basis of lowest price rather than only having the most economically advantageous tender option available. It is clarified that this should only be applied in exceptional circumstances and should not be used where social value benefits can be achieved.</p> <p>The rules in relation to contract variations and extensions have also been updated to reflect that these activities are managed now by the Contract Management Team rather than the Procurement Team, and also clarifies that the approval procedures laid down in section 25.7 apply to contracts where the variation has not been expressly provided for within the contract. In addition, the update ensures that variations made to contracts that are governed by the PCR 2015, the PSR 2023 or the CCR 2016 comply with the grounds for variation set out within the aforementioned regulations.</p> <p>The changes to CPRs now also contain an increase to the contract sealing threshold, moving from the PCR 2015 threshold for services and supplies and £200,000 for works, to £500,000 for all contracts. The threshold has not been reviewed for a number of years, is significantly lower than most of our CIPFA family of similar authorities and the change will aid operational efficiency and will free up capacity within Legal Services. The council uses standard forms of contract and there is limited, if any, risk to the proposed increase. Legal Services will still be consulted where bespoke or “non standard” forms of contract are to be used.</p>
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
11.	The revenue implications are set out in the table below Additional Special Responsibility Allowance for the Chair of the new Audit Committee of £6,950. If independent members are appointed each would receive an allowance of £719.
<b><u>Property/Other</u></b>	
12.	None.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
13.	An up-to-date Constitution is a requirement of the Local Government Act 2000.
<b><u>Other Legal Implications:</u></b>	
13.	None.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
15.	None.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
16.	None.

<b>KEY DECISION?</b>	<b>Yes/No</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	None
<u>SUPPORTING DOCUMENTATION</u>	
<b>Appendices</b>	
1.	Tracked changed Constitution Parts 1 to 26 (see Members' Room document pack published online)
2.	Specific revisions to terms of reference for Audit and Governance Committees
3.	CIPFA Report; Audit Committees 2022
<b>Documents In Members' Rooms</b>	
1.	Tracked changed Constitutions Parts 1 to 26
<b>Equality Impact Assessment</b>	
<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</b>	<b>Yes/No</b>
<b>Data Protection Impact Assessment</b>	
<b>Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.</b>	<b>Yes/No</b>
<b>Other Background Documents</b>	
<b>Other Background documents available for inspection at:</b>	
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>
1.	
2.	

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## Terms of Reference For Governance Committee

### General

This Committee is a committee of the Council appointed by the Council under the Local Government Act 1972.

Certain functions are delegated by this Committee to Officers. Full details may be found in Part 3 of the Council's Constitution.

Where a function or matter within the Committee's competence has been delegated to an officer, the Committee may exercise that function/matter concurrently with the officer to whom it has been delegated.

The exercise of any function or matter within the Committee's competence is always subject to any relevant requirement of the Council's Constitution including any Special Procedure and Protocol drawn up and approved by the Director of Legal and Governance in pursuance of Council Procedure Rule 2.

### Standards, ethics and probity

1. To lead on the Council's duties under Chapter 7 Localism Act 2011 and to design, implement, monitor, approve and review the standards of ethics and probity of the Council, both for Councillors and The Committee's powers shall include responding to consultation documents and the promulgation of Codes of Conduct but the adoption and revisions to the local Members Code of Conduct shall be reserved to the Council.
2. To promote a culture of openness, ready accountability and probity in order to ensure the highest standards of conduct of Councillors and employees.
3. To lead on all aspects of Corporate Governance by promoting the values of putting people first, valuing public service and creating a norm of the highest standards of personal conduct.
4. To oversee and manage programmes of guidance, advice and training on ethics, standards and probity for Councillors and employees and on the Members Code of Conduct.
5. To be responsible for the Council's register of Members' interests and to receive reports from the Monitoring Officer on the operation of the register from time to time.
6. To be responsible for written guidance and advice on the operation of the system of declarations of Members' Interests and to receive reports from the Monitoring Officer on the operation of the system of declarations from time to time.
7. To establish, monitor, approve and issue advice and guidance to Councillors on a system of dispensations to speak on, or participate in,

matters in which they have interests and give dispensation in appropriate cases.

8. To exercise the functions of the Council in relation to the ethical framework, corporate governance and standards of conduct of Joint Committees and other bodies.
9. To establish a Standards Sub-Committee to investigate and determine appropriate action in respect of alleged breaches of the Members Code of Conduct.
10. To support the Monitoring Officer and Executive Director: Corporate Services in their statutory roles and the issuing of guidance on them from time to time.
11. To receive regular reports on the performance of the Corporate Complaints process, Local Government & Social Care Ombudsman referrals and Code of Corporate Governance and to recommend revisions to related policies and procedures as appropriate.

## **Employment Matters**

### General

Certain functions are delegated by this Panel to Officers. Full details may be found in the Officer's Scheme of Delegation which may be obtained [online](#).

Where a function or matter within the Panel's competence has been delegated to an officer, the Panel may exercise that function/matter concurrently with the officer to whom it has been delegated.

The exercise of any function or matter within the Panel's competence is always subject to any relevant requirement of the Council's Constitution including any Special Procedure and Protocol drawn up and approved by the Director of Legal and Governance in pursuance of Council Procedure Rule 26.2.

1. Power to appoint staff, excluding Chief Officers, and to determine the terms and conditions on which all staff hold office but excluding revisions to pay scales (including procedures for their dismissal). (Section 122 Local Government Act 1972).
2. The making of agreements with other local authorities for the placing of staff at the disposal of those other authorities, to the extent that the staff are being placed at the disposal of the other authority in relation to the discharge of functions which are not the responsibility of the Executive of the authority placing the staff. (Section 13(4) and (5) Local Government Act 1972).
3. Functions relating to local government pensions, (Regulations under Section 7, 12 or 24 Superannuation Act 1972).

4. To agree redundancy and severance payments and early release of pension benefits, where added years, enhanced payments or any element of discretion is sought.
5. To determine any appeal against a decision where a right of appeal exists at law, but where there is no specific provision in the terms of reference of any other Committee or Panel for the hearing of such an appeal.
6. To determine school transport and associated appeals.
7. To have oversight and keep under review all the HR policies and procedures.
8. To determine any appeal where, in the opinion of the Director of Legal and Governance, a right of appeal should be conferred to give effect to the operation of the principles of natural justice or the principles contained in the Human Rights Act 1998.

## **Terms of Reference for Standards Sub-Committee**

1. To assess written allegations that a member or co-opted member (or former member or co-opted member) of the Council has failed, or may have failed, to comply with the Members Code of Conduct in accordance with Chapter 7 Localism Act 2011 or any amendment or re-enacted thereof and to administer sanctions where appropriate.
2. To grant dispensations to members under Section 33 Localism Act 2011 or any amendment or re-enacted thereof.

NB Reference to member, co-opted member or former member includes reference to former independent members of the Governance Committee and Church and Parent Governor representatives.

## **Terms of Reference for Standards Appeals Sub-Committee**

1. To hear an appeal by any member where the Standards Sub Committee has found that the member has failed to comply with the Members Code of Conduct in accordance with Chapter 7 Localism Act 2011 or any amendment or re-enacted thereof and administer sanctions where appropriate.

## **AUDIT COMMITTEE**

1. To provide independent assurance on the adequacy of the risk management framework and the internal control and reporting

environment. To oversee financial reporting and annual governance processes leading to the production of the annual governance statement.

2. To be satisfied and provide assurance that appropriate controls and actions are being taken on risk and internal control related issues identified by the internal or external auditors or other review and inspection bodies, including the acceptance of significant risk.

3. To receive, and make recommendations on, such reports as are required in relation to all audit matters including the Annual Audit Plan.

4. To monitor the progress and implementation of the Council's Improvement Plan produced in response to any Best Value or other inspections The Committee shall specifically have responsibility for oversight of and provision of assurance on the following functions:

- securing value for money and reviewing the effectiveness of these arrangements
- consider the framework of assurance and the framework addresses the risk and priorities of the council
- ensuring that Council assets are safeguarded;
- maintaining proper accounting records;
- ensuring the independence, objectivity and effectiveness of internal and external audit;
- the arrangements made for cooperation between internal and external audit and other review bodies;
- considering the reports of internal and external audit and other review and inspection bodies;
- ensuring that internal and external audit are free from interference when setting the priorities of the annual audit plan, including scoping and communication of the results of audit work performed;
- the internal and external auditors have free and unfettered access to senior management, the leader and chair of this committee;
- ensuring that there is no compromise on the ability of internal or external audit to provide independent assurance on the control framework;
- the scope and effectiveness of the internal control systems established by management to identify, assess, manage and monitor financial and non-financial risks (including measures to protect against, detect and respond to fraud).
- consider the reports of progress and performance of the internal auditors, including any deviations from the public sector internal audit standards and any significant resource deficiencies.
- To review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk



environment and supporting assurances, taking into account internal audits opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

- To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- To monitor the effect of development and operation of risk management in the Council.
- To monitor progress in addressing risk related issues reported to the committee.
- 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 which includes relevant strategies and procedures such as the Council's whistle blowing strategy and procedures.
- To review the governance and insurance arrangements for wholly owned companies (if any), significant partnerships, or collaborations.
- To approve the internal audit charter.
- To approve the risk based internal audit plan and counter fraud plan, including internal audits resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those of the sources.
- 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 support the independence of external audit through consideration of the external auditors annual assessment of its independence and review of any issues raised by the Public Sector Audit Appointments (PSAA) or the authority's auditor panel as appropriate.
- To consider the external auditor's annual letter, relevant reports and report to those charged with governance.
- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are any 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 order of accounts.

- To seek assurances that the Council has complied with the Treasury Management Strategy and Practices by demonstrating effective control of the associated risks and pursuing optimum performance consistent with those risks.
- 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.
- To publish an annual report on the workings of the Committee for the previous municipal year.

# Audit committees:

practical guidance for  
local authorities and police

2022 edition

[cipfa.org/](https://cipfa.org/)

The **Chartered Institute of Public Finance and Accountancy** (CIPFA) is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, major accountancy firms and other bodies where public money needs to be effectively and efficiently managed. As the world's only professional accountancy body to specialise in public services, CIPFA's qualifications are the foundation for a career in public finance. We also champion high performance in public services, translating our experience and insight into clear advice and practical services. Globally, CIPFA leads the way in public finance by standing up for sound public financial management and good governance.

# The audit committee member in a local authority

2022 edition

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CIPFA is keen that the guidance provides practical support to audit committee members and those who work with the committee. It is therefore invaluable that we have interacted with audit committee members and officers through our training courses and events.

Thank you for providing your insights on the challenges, frustrations and rewards of being an audit committee member. I hope that this publication can support you in undertaking your important work.

**Diana Melville**

Governance Advisor, CIPFA





# Introduction to the new guidance

As a member of your authority's audit committee, you play an important role in the good governance of the authority. The audit committee contributes to its overall success by examining how its arrangements for decision making, consideration of risk and operations work. The committee has a unique view – one that is non-political. Instead of focusing on policy and decision making, it examines the 'engine' of the authority – how things get done. Most importantly, it shines a light on areas where things might be missed or need to adapt or improve.

To be a success, your audit committee must have a good grasp of its role and responsibilities. It will also need to follow some good practice principles. These are set out in the [CIPFA Position Statement on Audit Committees](#).

The aim of this practical guide is to support you in your time as an audit committee member.

This section of CIPFA's guidance is for members of an audit committee in an authority. It will support both elected members and co-opted independent members (also known as lay members) to understand the purpose of the committee and its functions and their responsibilities as members of the committee. It will link to other sections of CIPFA's guidance, which will provide additional resources.

## FURTHER SECTIONS OF CIPFA'S GUIDANCE

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The 2022 edition of *Audit Committees: Practical Guidance for Local Authorities and Police* builds on previous editions but aims to better target the guidance at the most appropriate audience. This section is aimed directly at audit committee members in local authorities. A separate section covers the same material but for police audit committees.

*Guiding the audit committee* is a supplement to the member guide. It is aimed at those who support the committee, helping them to ensure that its operations are in accordance with the appropriate legislation and good practice. It also includes links to additional resources that are relevant for the committee's work. Audit committee members may also wish to access this supplement.

There are several appendices available, including example terms of reference, improvement tools and a knowledge and skills framework. These are available across all parts of this publication.



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# The purpose of audit committees

## 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.

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.

## 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.

CIPFA Position Statement 2022

## HOW THE AUDIT COMMITTEE SUPPORTS OVERALL GOVERNANCE WITHIN THE AUTHORITY

The overall aim of good governance is to align the authority's processes and structures with the attainment of sustainable outcomes. In practice, this means ensuring that:

- resources are directed in accordance with agreed policy and according to priorities
- there is sound and inclusive decision making
- there is appropriate stewardship of public assets and resources
- there is transparency and clear accountability for the use of resources in order to achieve desired outcomes for service users and communities.

Governance for the sector is defined in **Delivering Good Governance in Local Government: Framework** (CIPFA/Solace, 2016) as follows:

- *Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.*
- *To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.*

Good governance is ultimately the responsibility of the governing body (the full council or equivalent), as well as those with leadership roles and statutory responsibilities in the organisation, including the elected mayor (where applicable), chief executive, the chief financial officer (CFO)

and the monitoring officer. In local government, the governing body is the full council or authority. Putting good governance into practice requires both members and officers to play their part.

The audit committee should play a key role in supporting the discharge of those responsibilities by providing a high-level focus on audit, assurance and reporting. In local government, the authority sometimes delegates specific governance responsibilities, though CIPFA's recommendation is that the audit committee should remain an advisory committee.

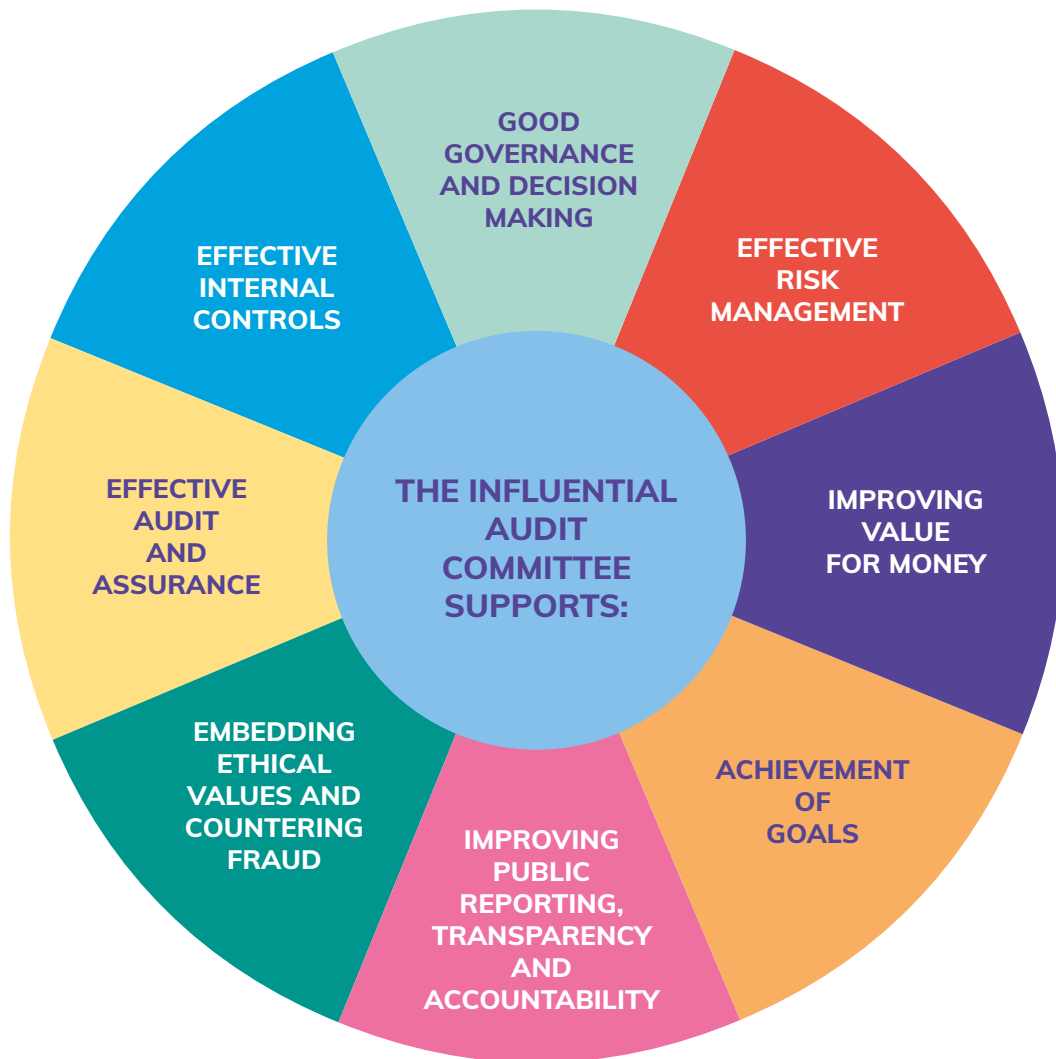
As a key component of an organisation's governance arrangements, the audit committee has the potential to be a valuable resource for the whole authority. Where it operates effectively, an audit committee adds value to its authority by supporting improvement across a range of objectives. To achieve wide-ranging influence, an audit committee will need commitment and energy from the membership, together with support and openness from the authority.

The principal areas where the committee can exert influence and add value are:

- aiding the achievement of the authority's goals and objectives by helping to ensure appropriate governance, risk, control and assurance arrangements
- promoting the principles of good governance and how they are applied during decision making
- raising awareness of the need for sound internal control and contributing to the development of an effective control environment
- supporting arrangements to govern risk and for effective arrangements to manage risk
- advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively across the authority
- reinforcing the objectivity, importance and independence of both internal and external audit and supporting the effectiveness of the audit functions
- supporting the development of robust arrangements for ensuring value for money
- helping the authority to implement the values of ethical governance, including effective arrangements for countering the risks of fraud and corruption
- promoting measures to improve transparency, accountability and effective public reporting to the authority's stakeholders and the local community.

The influence that an effective audit committee can have in these areas is set out in Figure 1.

Figure 1: The influential audit committee



CIPFA's view is that audit committee functions can be most effectively delivered by a dedicated audit committee. Such a committee provides a key resource to support the implementation of good governance standards. It is possible for the functions of an audit committee to be undertaken by other committees, but a dedicated resource is likely to be more knowledgeable and effective, with more time to focus on these important issues.





# The core functions of an audit committee

The core functions of audit committees should reflect both standard practice for audit committees across all sectors and the specific legislative and professional standards requirements for local authorities.

This chapter identifies the core areas of business for an audit committee and explains why they are important. The way the audit committee works must align with legislation and recommended guidance for some of these areas. This guidance is consistent with the requirements and key references are identified. *Guiding the audit committee* provides further details where required, together with links to additional resources.

The Position Statement sets out the core functions of the audit committee as follows.

## **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.

The Position Statement sets out the core functions of the audit committee. Essentially, the responsibilities of the committee fall into three broad areas:

- 1 Supporting the establishment and maintenance of good governance, risk management and control arrangements.
- 2 Supporting accountability and public reporting, in particular the financial statements and the annual governance statement, and other statements that accompany the financial statements.
- 3 Supporting the establishment and maintenance of good arrangements for internal audit and external audit.

It's important to understand each area, and each area complements and supports the others. To be effective, the audit committee will need to operate across all areas and not just focus on one or two aspects.

The remainder of this section explains each of these areas in more detail. *Guiding the audit committee* provides more details on legislation, standards and supporting resources.

## MAINTENANCE OF GOVERNANCE, RISK AND CONTROL ARRANGEMENTS

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### Good governance

Local authorities should actively apply the framework of good governance (**Delivering Good Governance in Local Government: Framework** (CIPFA/Solace, 2016)) ('the Framework') and the seven principles of good governance. The audit committee plays an important role in supporting the Framework, not least with its approval of the annual governance statement (AGS), which should align with the Framework. CIPFA recommends that authorities should have a local code of governance to clearly explain how their arrangements are consistent with the principles of good governance. Where there isn't a local code, this information will be available through several sources. Whether or not there is a code, the committee should be able to understand what the authority's arrangements for governance are.

To provide a meaningful review of the AGS, audit committee members should be able to draw on their knowledge of the governance arrangements and on assurances they have received during the year. The audit committee should undertake the following activities to discharge their responsibilities:

- Review the local code of governance and any changes to the arrangements in the year (note it is not the responsibility of the audit committee to establish any local code, but it should be consulted).
- Ensure that a framework of assurance underpins the AGS (see **Assurance and audit arrangements** for more details on assurance planning).
- Over the course of the year, receive reports and assurances over the application of the governance arrangements in practice.
- Review the governance arrangements being put in place for major developments, such as the establishment of a collaborative arrangement or trading company.
- Monitor implementation of action plans or recommendations to improve governance arrangements.
- Consider how the organisation applies governance principles in practice during the committee's review of other agenda items.

Given its role in overseeing the local code of governance and the AGS, the audit committee can promote the implementation of good governance across the authority to make things better in the future, not just review what happened in the past. For example, the committee may make recommendations for action to senior management or refer matters to other committees. The limits to the decision-making powers of audit committees are considered in more depth in **Independence and accountability**.

Where an authority is found to have failed in its statutory obligations to provide best value, the government has the power to intervene. The audit committee is one mechanism an authority should have in place to identify, escalate and oversee the improvement of any governance weaknesses to avoid the necessity of government intervention.

Further details on the AGS and the committee's role in reviewing it are included later in **Accountability and public reporting**.

## Ethical framework

Public sector entities are accountable for not only how much they spend but also how they use the resources they have been entrusted with. This is at the heart of Principle A of the governance framework:

*Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.*

With its core role in supporting good governance, support for the ethical framework of the authority is also important for the audit committee. In addition, authorities have an overarching mission to serve the public interest in adhering to the requirements of legislation and government policies. This makes it essential that the entire authority can show the integrity of all its actions and has mechanisms in place that encourage and enforce a strong commitment to ethical values and legal compliance at all levels. As part of its review of governance arrangements, the audit committee should be satisfied that there are adequate arrangements for achieving this.

All authorities should have regard to the Seven Principles of Public Life, known as the Nolan Principles:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

The authority will have specific arrangements in place to oversee and operate standards, such as a standards committee, and the audit committee will not duplicate its responsibilities. Instead, its role is to oversee the arrangements that are in place to establish and maintain ethical standards and to obtain assurance over them. This supports the AGS.

Assurance over ethics will come from internal audit or from other sources of assurance, particularly for the annual review underpinning the AGS.

## Risk management

Assurance over risk management will be a key element underpinning the AGS. The audit committee also needs a good understanding of the level of assurance the risk management arrangements provide when it reviews the risk-based internal audit plan or reviews other assurances on areas of risk.

The role of the audit committee in relation to risk management covers three major areas.

- 1** Assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the ownership of and accountability for risks. Specifically, this includes:
  - overseeing the authority's risk management policy and strategy and their implementation in practice
  - overseeing the integration of risk management into the governance and decision-making processes of the organisation
  - ensuring that the AGS is an adequate reflection of the risk environment.
- 2** Keeping up to date with the risk profile and the effectiveness of risk management actions by:
  - reviewing arrangements to co-ordinate and lead risk management (an example of such an arrangement is the existence of a group to examine, challenge and support the risk assessment process to ensure consistency across the organisation)
  - reviewing the risk profile and keeping up to date with significant areas of strategic risks, major operational risks or major project risks and seeking assurance that these are managed effectively and owned appropriately (the committee should avoid duplication of risk monitoring and scrutiny undertaken by other committees)
  - seeking assurance that strategies and policies are supported by adequate risk assessments and that risks are being actively managed and monitored
  - following up risks identified by auditors and inspectors to ensure they are integrated into the risk management process.
- 3** Monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management by:
  - overseeing any evaluation or assessment of the body's arrangements, such as a risk maturity assessment or risk benchmarking
  - reviewing evaluation, assurance and audit reports on risk management and monitoring progress on improvement plans.

### Acting as a risk committee

Local government bodies do not usually establish a dedicated committee with responsibility for risk management. Instead, committees such as policy and resources, cabinet or scrutiny are likely to play a role in the oversight of individual risks and the adequacy of the risk response. The leadership team, including the executive member body, will take the lead in establishing the risk appetite of the authority. The audit committee should understand the roles played by other committees to avoid duplication and confusion with its own role.

Where other member bodies do not actively review key risks, the audit committee could take on additional functions involving more in-depth reviews of risks. In doing so, the committee should be mindful of when it is acting as a risk committee rather than just as an audit committee.

These functions could include:

- regular reviews of risk registers, particularly strategic risks, and significant operational risks to consider their adequacy and effectiveness in capturing and assessing risks
- risk challenge to evaluate whether planned mitigations are appropriate and effective, making recommendations to the responsible risk owner where appropriate
- identifying dependencies or links between risks and considering if the planned mitigations recognise this
- considering if risks have been escalated appropriately and in a timely manner
- supporting the leadership team in their review of risk appetite, though the final decision should remain with the leadership team.

The audit committee's terms of reference should make it clear whether risk committee roles are included.

## Internal controls

The leadership team and the service managers within the authority are responsible for putting in place appropriate internal control arrangements. The aims of internal controls are to:

- manage risks
- allow agreed policies and processes to be put into practice.

In doing these two things, an effective 'internal control framework' will make it more likely that the authority's objectives will be achieved. The internal control framework is a way of describing the complete set of controls that management have put in place.

Controls may take different forms according to the risks that they are intended to manage and their purpose. Some examples of controls include the following:

- Access controls within an IT system determine who has access to that application and the available functions and data (a preventative control).
- Procurement rules, guidance and relevant training may be used to ensure that procurement decisions are within the law and achieve best value (a directive control).
- An exception report identifies outlier transactions in a process for review and approval by management (a detective control).
- Procedures to ensure that a copy of data is kept secure and away from the primary system to allow for recovery (a corrective control).

The control framework will include many corporate arrangements such as an authority's financial regulations, contract standing orders and human resources policies, as well as service-specific controls embedded within a range of policy documents, guidance notes, training manuals and instructions. Some authorities use a structured framework to classify their control frameworks. Some controls are fundamental to a system; often, they are described as 'key controls'.

The effectiveness of the internal control framework should be considered as part of the annual review on governance. Where there are significant control failures, or an overall weakness in the framework, then it should be considered for disclosure in the AGS. CIPFA's **Financial Management Code** (FM Code) (2019) provides a set of principles covering the operation of financial management throughout the authority to help ensure that internal financial controls operate effectively. Assurance over the level of compliance with the FM Code should be considered as part of the annual review on governance.

The head of internal audit's annual opinion (see [Internal audit](#)) will provide an annual opinion covering the framework of internal control alongside that of risk management and governance. This too will inform the AGS. Reports from internal audit and external audit will provide assurance on the adequacy of specific controls.

Historically, internal audit and the audit committee were expected to focus most on financial controls, but today the focus of both will encompass a much broader set of controls.

While a range of internal controls are essential, the audit committee should be conscious that too many controls could result in greater inefficiency or ineffectiveness in an operation. Controls may also become outdated or otherwise no longer fit for purpose. Introducing new controls may incur additional costs or other resources. The committee should strive to ensure that the authority has an appropriate level of internal control linked to the authority's attitude to risk.

## Value for money and best value arrangements

Making best use of resources is a key aim for all local authorities and is part of the governance framework. One of the behaviours and actions that underpins Principle C of the Framework is "delivering defined outcomes on a sustainable basis within the resources that will be available". Making best use of resources is an essential enabler to achieving the goals and objectives that the authority has set for itself.

Like other aspects of the committee's responsibilities, the primary focus is on the authority's arrangements for ensuring value for money rather than reviewing the actual performance achieved. This means seeking assurance that the authority has put in place the right mechanisms and is actively pursuing better value for money.

When planning work in relation to value-for-money arrangements, the audit committee should be mindful of what other committees may do. There is a potential overlap with the work of the scrutiny function, so care will be needed to avoid duplication. For example, a scrutiny committee may receive performance reports that show performance against a dashboard of indicators or may benchmark performance against other bodies.

Using this information, the scrutiny committee will challenge whether the authority is on track to achieve its performance targets and meet its objectives. They will highlight areas where value for money may be an issue. The audit committee will first focus on the overall arrangements that are being put in place to achieve value for money. They will receive assurances, from internal audit or from other sources of assurance, on how effectively those arrangements work in practice. As a result of the work of the audit committee, areas of concern about value for money may be identified and recommendations for further action or investigation made.

The audit committee will see references to value for money as part of other areas within its terms of reference. For example:

- Internal audit reports may highlight a value-for-money risk as part of a wider assurance review. It may feature in the head of internal audit's annual opinion.
- The AGS should include reference to how effectively the value-for-money aspect of governance is operating in practice. A value-for-money concern could be included as a recommendation for action if it were significant.
- Output from the risk management arrangements may highlight risks to value for money.

One major area where the audit committee will receive assurance on the adequacy and effectiveness of value-for-money arrangements is from the authority's external auditors. Across the UK, the different audit arrangements have resulted in differences in how value for money and best value are considered by the auditors. Further details of audit practices are set out in *Guiding the audit committee*.

## Countering fraud and corruption

Local authorities have responsibilities for the effective stewardship of public money and for safeguarding against losses due to fraud and corruption. If money is misdirected or assets lost to fraud, it means that limited budgets are less able to meet service demands and fulfil the authority's objectives. When any authority experiences a significant fraud or case of corruption, it damages public perception of that authority and undermines public trust. Effective counter fraud and anti-corruption arrangements also relate to the ethical standards that the public expects members and officers to uphold.

The audit committee should have oversight of the authority's arrangements for managing the risks from fraud and corruption, providing assurance that they are fit for purpose. The arrangements should extend beyond having the facility to investigate an allegation or other evidence of fraud. It should include a much broader strategy and understanding of the risks. Guidance on establishing such arrangements is available to authorities in the [CIPFA Code of Practice on Managing the Risk of Fraud and Corruption](#) (2014).

Oversight of counter fraud plans and availability of resources and their effectiveness are key areas for obtaining assurance. Specific actions should include:

- reviewing the counter fraud strategy and considering whether it meets recommended practices
- championing good counter fraud and anti-corruption practice to the wider organisation
- reviewing the fraud risk profile and estimate of fraud losses or potential harm to the organisation and its local community
- reviewing the annual counter fraud plan of activity and resources, seeking assurance that it is in line with the strategy and fraud risk profile
- monitoring the overall performance of the counter fraud function
- overseeing any major areas of fraud identified and monitoring action plans to address control weaknesses
- consideration of assurance provided by internal audit.

The CIPFA guidance on the AGS recommends that the adequacy of counter fraud arrangements is evaluated and reported in the AGS using the counter fraud code. The audit committee should have sight of the assurances underpinning this assessment and can play an important role in supporting the development of effective counter fraud and corruption practice.

## Arrangements for partnerships, collaborations and subsidiaries

Authorities commonly have a wide range of partnership and collaborative arrangements, including strategic relationships with other public sector organisations, shared service arrangements, commercial relationships with private sector partners and a range of service delivery arrangements with community groups or social enterprises. Authorities may also be the accountable body for local enterprise partnerships (LEPs). Increasingly, authorities have subsidiary arrangements such as commercial trading companies.

Ensuring the adequacy of governance and risk management over such arrangements can be complicated, but it is important, as accountability for performance and stewardship of the public funds involved remains with the authority. For these reasons, the role of the audit committee in relation to these arrangements should be clearly defined.

The audit committee's role should be to consider assurances on whether the partnership or collaboration arrangements are satisfactorily established and are operating effectively. The committee should satisfy itself that the principles of good governance underpin the partnership arrangements. For example, the audit committee should seek assurance that the authority has appropriate arrangements to identify and manage risks, ensure good governance, and obtain assurance on compliance. The committee may also want to know what arrangements have been put in place to maintain accountability to stakeholders and ensure transparency of decision making and that standards of probity are maintained.

For subsidiary arrangements such as the establishment of a trading company, the audit committee will also need to receive assurances that the governance, risk and control arrangements of the authority's oversight of the company are robust.

Where an authority is developing new partnership or collaboration arrangements, the audit committee may wish to receive assurance over governance matters at the project stage. When reviewing the proposed structure, the committee should consider whether the authority has the necessary expertise, advice and training in place to take on new governance roles.

It is also important that the committee clarifies its own responsibilities in relation to the governance arrangements of the new service delivery organisation. Will they act as the audit committee for the new structure, for instance?

The audit committee should consider assurances that underpin the AGS to make sure that partnerships are covered. Where a partner organisation (such as a shared service entity) does not have its own audit committee, then the audit committee could be nominated to undertake this role. This is most likely for the audit committee of the accountable body to support the CFO.

## ACCOUNTABILITY AND PUBLIC REPORTING

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Public bodies must operate transparently, and being accountable to the public and stakeholder groups is a fundamental aspect of governance arrangements. The audit committee plays a key role in supporting the body's accountability for the use of public money and for the way it is governed. While other public reports are also available, the annual financial reports and the annual governance statements are important accountability statements that are mandated by legislation and guided by professional standards. These accountability statements are the responsibility of those charged with governance, but the audit committee will play a key role in reviewing the arrangements that underpin them and reviewing the statements themselves.

### Financial reporting

Local government bodies are required to produce their statutory statements of accounts in accordance with professional accounting standards to ensure a consistent approach and appropriate treatment. This provides confidence to the user in the financial results. The accounting standards are determined by CIPFA/LASAAC and are set out in the **Code of Practice on Local Authority Accounting in the United Kingdom**, updated annually. These standards must incorporate both International Financial Reporting Standards (IFRS) and any adaptations or interpretations necessary for the local government context and local government legislation. A particularly important part of this is the legislative framework that changes what is charged to a revenue account under accounting standards (IFRS) to mitigate or manage the impact of those standards on council taxpayers. As a result, the accounts have an extra layer of complexity that an organisation such as a limited company would not have.

The primary users of financial statements are the recipients of the local services provided and their representatives, together with the providers of the resources required to deliver those



services. Local authority members and Members of Parliament are primary users of local authority financial statements in their capacity as representatives of the interests of service recipients and resource providers.

CIPFA's [Guide to Local Government Finance](#) (2019) sets out details of accounting concepts and principles that underpin the financial reports. The key financial statements are as follows:

Key statements in annual accounts	
<b>Comprehensive Income and Expenditure Statement</b>	This is where all the income and expenditure of the authority is recorded in line with accounting rules. This statement is similar to the one you would find in a private company.
<b>Movement in Reserves Statement</b>	This statement shows the impact of the financial year on the authority's reserves. It also includes all the income and expenditure that is recognised under accounting rules but then removed from the accounts by legislation to give the amount of expenditure that has been funded by the local taxpayer.
<b>Balance Sheet</b>	This statement summarises an authority's financial position at each year-end and reports the assets, liabilities and reserves of the authority. Some of the reserves are specific to authorities, such as the pensions reserve and the capital adjustment account, and exist to allow accounting entries required by legislation. This statement is similar to the one you would find in a private company.
<b>Cash Flow Statement</b>	This summarises the cash flows that have been made into and out of the authority's bank account during the financial year. This statement is similar to the one you would find in a private company.

Some authorities will need to include specific statements to account for their activities – for example, the Housing Revenue Account (HRA) or collection fund – and councils in Scotland are required to hold trading accounts (some councils in the rest of the UK may hold these voluntarily). Administering authorities of the Local Government Pension Scheme will also need to produce pension accounts for their fund.

Authorities are required to include a narrative report in the accounts (management commentary in Scotland). This should provide information on the authority, its main objectives and strategies, the principal risks that it faces and how it has used its resources to achieve its desired outcomes in line with its objectives and strategies. For a non-expert reader, this report will help to explain the statements and help demonstrate the extent to which the objectives of the authority have been achieved.

The role of the audit committee is to review the financial statements prior to approval. The statements are the responsibility of all those charged with governance – the full member body – but the audit committee is delegated the responsibility of a detailed review. Some authorities fully delegate responsibility to the audit committee by including final approval of the accounts in the committee's terms of reference, but CIPFA has always set out the committee's role to be one of review rather than decision making. In England and Wales, co-opted independent members cannot vote to approve the accounts under Section 13 of the [Local Government and Housing Act 1989](#) (see [Membership and effectiveness of the audit committee](#)).

### Accounts preparation

The preparation of the statutory statements of accounts is the responsibility of the CFO. The deadline for the publication of the statements is set out in regulations by each of the UK governments. Recently, achieving these deadlines has been adversely impacted by the COVID-19 pandemic and delays in the completion of audits. Monitoring the status of both completion of the statements and liaison with the auditor before publication will be important for the audit

committee. The audit committee will want assurance that the finance team can deliver a set of financial statements of appropriate quality in accordance with the statutory deadlines. Factors they will wish the finance team to highlight to them include:

- significant changes in accounting policies and their implications
- significant judgements made by the authority on material transactions
- changes to the operational basis of the authority – for example, the establishment of a trading company that will need to be consolidated into the accounts
- capacity and capability within the finance function to meet quality standards and deadlines
- whether there have been previous problems with the quality of the financial statements – for example, issues and recommendations from the previous year’s audit
- issues arising from any internal assurance or internal audit reviews and actions taken
- any changes to the external audit requirements that could have implications for the preparation of the statements – for example, the drive to improve audit quality has included increased professional scepticism.

### Reviewing the statutory statements of accounts

The complexity and length of the financial statements can be daunting for audit committee members, especially if this is an area where they do not have prior experience. CIPFA has resources that will provide more detailed guidance on the statements and underlying concepts, and specific training is also recommended.

Key areas that the committee should focus on in their review are as follows:

- The narrative report, ensuring that the messages are consistent with the financial statements. The committee should also consider the implications of the issues and challenges identified and consistency with other risk information provided.
- What steps have been taken to make the narrative report readable and understandable to a non-expert and whether steps have been taken to make the accounts accessible. CIPFA’s **Streamlining the Accounts** (2019) includes a section on the presentation and layout of the accounts.
- Reviewing the completeness of the information reported and asking about the steps taken to ensure that the disclosures are complete.
- Identifying the key messages from each of the financial statements and evaluating what that means for the authority in future years.
- Monitoring trends and reviewing for consistency against financial performance observed over the course of the year.
- Reviewing the suitability of accounting policies and treatments and any changes to them – for example, asking the CFO to highlight to the committee where accounting treatment is open to different approaches and explaining why the method used has been chosen.
- Seeking explanations for changes in accounting policies and treatments – for example, where there has been a change in the accounting standards.
- Reviewing major judgemental areas – for example, provisions or reserves.

**Understanding Local Authority Financial Statements** (CIPFA/LASAAC, 2016) includes a checklist of questions to ask about a local authority’s statements that audit committee members may find particularly helpful.

A current topic for discussion is whether further steps could be taken to make the financial statements more understandable for the public. A recommendation of the Redmond Review was that a standardised statement of service information and costs should be prepared and presented alongside the statutory accounts. This recommendation is still under discussion and review, and the introduction of such a statement would be a development of interest to the audit committee. The audit committee will be interested in any steps taken to improve transparency and accountability by ensuring that the key messages are accessible to users.

## Annual governance statement

The committee's role in supporting the principles of good governance and the local code of governance was outlined in the section on supporting good governance, risk management and internal control. The AGS is the key annual public report that requires the authority to evaluate the effectiveness of its governance arrangements.

While the committee will see other agenda items that describe the governance arrangements that have been established – notably updates to the local code of governance – the AGS is all about evaluation. It is an assessment of how good those arrangements are in practice, leading to an opinion on whether they are fit for purpose. Where there are areas for improvement, these should be identified and an appropriate action plan established.

The audit committee should play a key role in reviewing the AGS prior to its final approval. It is typical for the AGS to be provided in draft, usually at the same time the financial statements are prepared. The timetable for final publication follows the regulations of the relevant UK national government.

Key aspects that the audit committee should consider when reviewing the AGS include:

- whether the statement is user friendly for a lay reader
- whether the statement focuses on evaluation, leading to a clear opinion of whether arrangements are fit for purpose and meet the principles of good governance
- whether the AGS is an accurate representation of arrangements, consistent with other information known to the committee (committee members should be able to recognise their own authority's strengths and weaknesses)
- whether it includes appropriate disclosures on conformance with specified codes and standards and is consistent with current CIPFA guidance
- whether the AGS is supported by an appropriate action plan to implement the required improvements and if this is robust.

Although the AGS publication follows the same timetable as the financial statements, it can also be published as a separate accountability report. This would help raise its prominence and value to local stakeholders, providing improved transparency.

## ASSURANCE AND AUDIT ARRANGEMENTS

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### Assurance frameworks and assurance planning

The term 'assurance framework' is used to describe the various means through which the authority's leaders, managers and decision makers can trust that the policies and procedures they have approved are being implemented in practice and operating as intended. Putting in place this framework is the responsibility of the leadership team.

For the audit committee member, reviewing assurances on the operation of governance, risk management and control arrangements is a core part of their role. The committee should also be concerned to know that an adequate assurance framework exists to inform the leadership team.

The audit committee may see references to the Three Lines Model of assurance developed by the Institute of Internal Auditors (IIA). More details of the model are contained in *Guiding the audit committee*. Briefly, the Three Lines Model identifies three different types of assurance:

- Management assurance – embedded in line management arrangements.
- Oversight and compliance assurance – review and monitoring functions.
- Independent assurance (internal audit).

Occasionally, there might be reference to the ‘fourth line’, referring to assurance that comes from outside the authority such as from external auditors or inspectorates.

Some authorities set out their assurance arrangements in a map or diagram. Typically, these outline key areas of the assurances needed and identify the assurance providers.

Whether or not there is a formal assurance framework, the audit committee has a responsibility to understand what assurance is available to support the AGS and to enable the committee to meet its terms of reference. The committee should seek to ensure that assurance is planned and delivered, with the following objectives in mind:

- Clarity on what assurance is required.
- Clear allocation of responsibility for providing assurance.
- Avoiding duplication, bearing in mind the differing objectives of assurance activities.
- Improving the efficiency and cost effectiveness of assurance.
- Obtaining assurance of appropriate rigour and independence across a range of assurance providers.

Each authority has core activities that are central to its effective operation, and the audit committee should consider what assurance it receives on these, whether through the annual governance review, internal audit or management assurance. Core arrangements would include financial management and counter fraud, but other key areas include information governance, information security, procurement, ethical governance, human resources and health and safety.

In reviewing assurance arrangements, the committee should bear in mind that the assurance process has a cost to the authority, and it should therefore be proportional to the risk.

## Supporting and making best use of audit

Supporting the authority’s auditors, both internal audit and external audit, is an important dimension to the committee’s work. Helping to make best use of the process of audit and audit outputs will contribute to the committee’s overall purpose. This section explains the committee’s interactions with both internal and external audit and the role of the committee in supporting effective arrangements.

### External audit

Within an authority, the full council – all elected councillors – are characterised as “those charged with governance”. In practice, the exercise of some governance responsibilities is delegated to specific committees. This is of particular importance in relation to external audit, as external auditors are required by auditing standards to report to “those charged with governance”. While

the audit committee is the representative body for much of the interface with the external auditors, it is important to remember that all councillors have a governance responsibility, and it is important that they are familiar with key messages from the authority's external auditors.

The audit committee will have several interactions with the external auditors each year following a regular cycle of planning and reporting. There are also roles for the committee in supporting the independence of the auditors, the effectiveness of the external audit process and the impact of their work. The following sections provide more support for the critical interactions between the auditor and the committee. External audit is subject to stringent professional standards and some of these are highlighted in *Guiding the audit committee*. Committee members should recognise that these standards do require auditors to operate in a certain way.

## Appointment

In some other sectors, the audit committee plays a lead role in the appointment of the external auditor. In local government, one of the principles of public audit is that appointment should be independent of the organisation. In local government bodies in Wales, Scotland and Northern Ireland, the national audit bodies are responsible for the delivery of local audit. In England, the **Local Audit and Accountability Act 2014** changed the appointment and delivery model for local government bodies, introducing a more direct role for the authority.

In all authorities, the audit committee's role in appointment includes expressing an opinion on the selection and rotation of the external auditor through whichever method is applicable for the organisation. The audit committee's objective is to support auditor independence and effective arrangements and relationships with the auditors.

In England, for all opted-in bodies, Public Sector Audit Appointments (PSAA) appoints the auditor following consultation with the body. Otherwise, the audit committee will work alongside the auditor panel, which will oversee the local appointment process and provide advice to the authority on the final selection. Where the audit committee members meet the requirements of an auditor panel, as defined in regulations supporting the 2014 Act, then the committee can operate as an auditor panel itself and make recommendations on the appointment of the local auditor. Regard must be had for the 2014 Act and regulations if the committee is nominated as an auditor panel.

## Monitoring the external audit process

The audit committee's role in relation to the external audit process has three principal aspects:

- 1 To provide assurance that the external auditor team maintains independence following its appointment.
- 2 To receive and consider the work of external audit.
- 3 To support the quality and effectiveness of the external audit process.

## Supporting independence

The independence of auditors is critical for confidence in the audit opinion and audit process.

Each year, the external auditor will disclose to the committee an assessment of whether it is independent. These disclosures should include any significant facts that could impact, or be seen to impact on, independence and objectivity, together with any safeguards put in place. Usually, this disclosure is included in the audit plan and when reporting. The audit committee should use these opportunities to discuss their assessment of threats to independence with the external auditor and any safeguards.

The audit committee should seek information from the external auditor on its policies and processes for maintaining independence and monitoring compliance. It should also satisfy itself that no issues with compliance with the ethical standard have been raised by the contract monitoring undertaken by PSAA, the auditor panel (in England), or from audit quality reviews by the Financial Reporting Council (FRC) or the Institute of Chartered Accountants in England and Wales (ICAEW). Regarding non-audit services, audit committees should monitor the approval of non-audit work and, in England, consider the oversight of either PSAA or the auditor panel as appropriate.

### **Receiving and considering the work of external audit**

The committee should receive the planned work programme to support the opinion and receive reports following the completion of external audit work. Where external audit makes recommendations, the audit committee should discuss the action to be taken with managers and monitor the agreed action plan. The committee should contribute to the authority's response to the annual audit report.

While the Code of Audit Practice for each nation will specify exact outputs, the reports from the external auditors are likely to include the following:

- A plan – including approach, risks, team, timetables and outputs.
- Interim reports – reporting on progress, new developments and interim conclusions.
- An opinion on the financial statements and the outcome from the audit. The auditor will also identify any material errors and recommendations.
- Best value or value-for-money arrangements reports – the format of these vary according to the Code of Audit Practice the auditor is working to.
- An annual report.

In England, the Redmond Review recommended that the auditor's annual report should be submitted to full council by the external auditor. CIPFA's recommended approach is that the report should first be submitted to the audit committee for discussion and then submitted to full council by the auditors, accompanied by the response recommended by the audit committee to any significant issues raised in the report. This will support greater transparency with the public and help all elected members understand the outcome of the audit. It should also help to raise the profile of the audit committee among other elected members.

CIPFA also recommends that this approach is adopted by authorities in the rest of the UK unless other arrangements exist to achieve the same level of transparency and strengthened governance.

Auditors may also report by exception. If they identify an area of concern, then the auditors may investigate and may make a recommendation for improvement or a public report. Any such action should be taken very seriously by the audit committee.

### **Supporting quality and effectiveness**

If the audit committee member has no prior experience of audit committee work or external audit, then reviewing the quality of external audit can be a challenging aspect of the work and one where additional training may be required. It is an important aspect of the work of the committee, as it sets expectations for the auditor for the timely delivery of a high-quality audit. It should also support better engagement and interaction between auditor, committee and management. Overall, active interest from the committee will support better outcomes in terms of confidence in the audit opinion, usability of audit output and better understanding of the audit process.

*Guiding the audit committee signposts resources on audit quality that can be of use to audit committees.*

## Reports from inspectorates or other regulatory bodies

In addition to audit reports, the authority may be inspected where it has particular service responsibilities. For example, social care services are inspected by the Care Quality Commission (CQC), education and skills services are inspected by the Office for Standards in Education, Children's Services and Skills (Ofsted), and a fire and rescue authority will be inspected by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS). Other regulatory bodies, such as the Information Commissioner's Office (ICO), may also review and inspect arrangements.

Where inspectorates are focused on operational matters, the committee's role may be limited, but all external assessments and recommendations provide assurance on the robustness of governance, risk and controls within the authority. It is therefore important that the committee is aware of the overall conclusions. Where issues are highlighted by inspections within the remit of the committee, it may play a more active role – for example, reviewing the implementation of an improvement plan. The committee will also want to consider how the work of these assurance providers are taken into account as part of external audit or internal audit.

## Internal audit

The authority's internal audit service, whether an in-house team or provided through a shared service or outsourced arrangement, is an essential partner for the audit committee. It is a major source of assurance, providing coverage across many areas that the audit committee will want to know about. The committee also plays an important role in the support for and oversight of the internal audit arrangements, helping to hold it to account. This role is in part determined by the professional standards that the internal auditors must adhere to.

The specific roles of the audit committee in relation to internal audit are to:

- oversee its independence, objectivity, performance and professionalism
- support the effectiveness of the internal audit process
- promote the effective use of internal audit within the assurance framework.

The activities that underpin these three objectives are below.

### Oversee independence, objectivity, performance and professionalism

The Public Sector Internal Audit Standards (PSIAS) set out functional reporting arrangements for internal audit to ensure its organisational independence. These are requirements of the professional standards, so there is an expectation that the audit committee should provide support. Each authority will have an internal audit charter, which will set out reporting relationships for internal audit, and the audit committee terms of reference will need to include those elements that relate to it. The charter is likely to set out the audit committee's responsibility to:

- review or approve the following:
  - the internal audit charter
  - the risk-based internal audit plan
  - the internal audit budget and resource plan
- receive confirmation of the organisational independence of the internal audit activity
- consider the appointment and removal of the head of internal audit (referred to in the PSIAS as 'chief audit executive') or the award of a contract for internal audit services



- make enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations on internal audit
- approve and periodically review any safeguards put in place to limit impairments to independence and objectivity where the head of internal audit has been asked to undertake any additional roles/responsibilities outside of internal auditing
- receive the head of internal audit's annual report, which includes:
  - the annual opinion on the overall adequacy and effectiveness of governance, risk management and control
  - a summary of the work on which internal audit has based the opinion
  - a statement on conformance with the PSIAS and the Local Government Application Note (LGAN)
  - the results of the quality assurance and improvement programme (QAIP), including specific detail as required in the PSIAS
- discuss with the head of internal audit the form of the external assessment of internal audit and the qualifications and independence of the assessor
- receive the report on the external assessment of internal audit (at least once every five years), including its overall conclusion and any recommendations (the committee should monitor the implementation of the improvement plan).

The head of internal audit, also known as the chief audit executive, must have unfettered access to the chair of the audit committee. In addition, the chair of the audit committee may serve as sponsor for the external assessment, which forms part of the QAIP, at least once every five years.

### Support effective arrangements for internal audit

The audit committee has an important role to play in supporting the process of internal audit and outputs from audit work. It should help ensure that the authority's internal audit is effective, which will mean that the audit committee is better supported, with access to the assurance it needs. Effective internal audit also supports better governance and control arrangements, which are aligned to the audit committee's overall purpose.

Defining the conditions for effective internal audit is not straightforward – different authorities may feel they have effective arrangements using very different service models, for example. However, there are some essential conditions that internal audit needs to be effective:

- A service that operates in accordance with PSIAS.
- A service with access to sufficient and appropriate capacity and capability.
- Leadership from the head of internal audit.
- Good engagement with the committee and management.
- An organisational culture that actively promotes and understands the role of internal audit.

While the designated head of internal audit can be expected to be responsible for internal audit activity, the audit committee plays an important role in supporting the organisation's attitude to and understanding of internal audit. The [CIPFA Statement on the Role of the Head of Internal Audit](#) (2019) sets out the conditions that can make internal audit effective. It is relevant for audit committee members as well as the head of internal audit. CIPFA's research report [Internal audit: untapped potential](#) (2022) also addresses whether public bodies are getting the most from internal audit.



The following activities form a core part of this:

- Receiving updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work.
- Receiving communications from the head of internal audit on internal audit's performance relative to its plan and other matters.
- Giving approval to internal audit for any significant additional consulting services not already included in the audit plan prior to internal audit accepting an engagement.
- Receiving reports on instances where the internal audit function does not conform to the PSIAS or LGAN and considering whether the non-conformance is sufficiently significant that it must be included in the AGS.
- Overseeing the relationship of internal audit with other assurance providers and with external audit and any inspectorates.
- Receiving regular reports on the results of the QAIP, including the external assessment.

### **Promote the effective use of internal audit within the assurance framework**

The audit committee should make best use of the internal audit resource within the assurance framework. In particular, the audit committee should seek confirmation from internal audit that the audit plan considers the requirement to produce an annual internal audit opinion that can inform the AGS. Specific activities will include:

- approving (but not directing) the risk-based plan, considering the use made of other sources of assurance
- receiving 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
- escalating internal audit recommendations where further action is needed
- bearing in mind internal audit's opinion on the overall adequacy and effectiveness of the authority's framework of governance, risk management and control when considering the AGS.

To get the best out of internal audit, the audit committee's understanding of and support for effective risk management and wider assurance arrangements is helpful.

Periodically, there are changes made to the PSIAS and LGAN, as well as more specific guidance to auditors. As a result, the committee may need to receive updates or briefings to ensure that they are aware of the latest requirements.

## **ENSURING THE FOCUS OF THE AUDIT COMMITTEE**

The core functions of the audit committee are wide ranging. At some meetings, it will be inevitable that certain agenda items take priority to meet statutory deadlines. Audit committees should aim to ensure that within each year there is adequate coverage of each of the core functions. The assurance framework of the authority should be a useful resource to support this.

**Independence and accountability** covers agenda management and **Membership and effectiveness** of the audit committee covers the annual review of the effectiveness of the committee.



# Possible wider functions of an audit committee

In addition to the core functions of the committee defined in the CIPFA Position Statement, there are some wider functions that it may be necessary or appropriate for the committee to take on. For audit committees of councils in Wales, there are some specific requirements set out in legislation.

## REQUIREMENTS OF GOVERNANCE AND AUDIT COMMITTEES IN WALES

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The **Local Government and Elections (Wales) Act 2021** built on requirements first set out in the **Local Government (Wales) Measure 2011**. The specified responsibilities not already covered by the core functions include:

- review and scrutiny of the authority's financial affairs
- review of the performance assessment arrangements of the authority
- review and assessment of the authority's ability to handle complaints effectively.

### Scrutiny of financial affairs

Councils will have scrutiny committees that will undertake budget scrutiny and monitor financial performance. The responsibility of the audit committee is not to duplicate these functions, even though the legislation uses the phrase 'scrutinise'. The committee can ensure that they satisfy this requirement through their review of the financial statements, financial control arrangements and the work of internal audit and external audit.

### Performance assessment arrangements

The 2021 Act introduced a duty on a principal council to keep its performance under review and to undertake a self-assessment of performance. The legislation requires the governance and audit committee to review the self-assessment report and the committee can make recommendations. The council is not required to adopt the committee's recommendations, but it should include an explanation of why it has not adopted the change.

There is also a requirement for a periodic panel performance assessment, and there is a similar requirement for the governance and audit committee to consider the panel report.

The Auditor General for Wales will have the power to undertake a special inspection if a council is thought to not be meeting the performance requirements. The governance and audit committee will receive the Auditor General's report and will consider the council's draft response to the report. If the committee makes recommendations on the draft response, the council is not required to adopt the change but must explain why it has not.

### Developing the approach to the review

The governance and audit committee's focus is on the adequacy and suitability of arrangements rather than performance monitoring. In reviewing the annual self-assessment report the committee should maintain a similar overview.

CIPFA's suggested approach includes:

- consideration of whether the scope and approach to drawing up the self-assessment report is appropriate to fulfil the expectations of the legislation
- whether the council has established appropriate arrangements to obtain assurance over its performance (these arrangements should form part of the wider assurance framework)
- whether the council has carried out the appropriate consultation as part of the performance review
- considering if the panel appointed and the approach to the panel assessment fulfils the requirements of legislation
- whether the report's conclusions and recommendations are consistent with the review and assurances that underpin it
- consideration of whether there are any inconsistencies in information and assurances received by the committee in respect of its other work
- consideration of the recommendations and whether they will maintain and improve the arrangements for performance management going forward.

## Arrangements for handling complaints

Assurance that there are effective arrangements to manage complaints could come within the remit of any audit committee. The specific requirement in Wales does mean that governance and audit committees will have increased focus in this area.

The focus will need to remain on the arrangements and not become a forum for the review of individual complaints. The committee will need to consider how they receive this assurance as part of the wider assurance framework. Complaints may be managed centrally or by individual department, but it should be possible for the committee to receive an overall assessment of the effectiveness of those arrangements. If complaints handling was seen as an area of risk, then it could be included in internal audit plans, but other sources of assurance should be routinely available.

## TREASURY MANAGEMENT

### **Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance**

**Notes** (CIPFA, 2021) requires all local authorities to make arrangements for the scrutiny of treasury management. CIPFA does not specify this to be an audit committee role, and a local authority may nominate another committee instead. CIPFA is aware, however, that many authorities have nominated the audit committee to do this, and it is therefore appropriate to consider this activity as part of this guidance.

Where the audit committee has been nominated, it should be aware that it needs to undertake a scrutiny role in accordance with the Treasury Management Code in addition to any oversight of governance, risks and assurance matters relating to treasury management that it would consider as an audit committee.

Where the committee is undertaking scrutiny, this is likely to involve the following actions:

- Developing greater awareness and understanding of treasury matters among the committee members.
- Reviewing the treasury management policy and procedures to be satisfied that controls are satisfactory.

- Receiving regular reports on activities, issues and trends to support the committee's understanding of treasury management activities. Note that the committee is not responsible for the regular monitoring of activity under clause three of the Treasury Management Code, so the purpose of receiving regular reports should be clear.
- Reviewing the treasury risk profile and adequacy of treasury risk management processes.
- Reviewing assurances on treasury management (for example, an internal audit report, external audit or other review).

Treasury management is a specialist area, so it is likely that committee members will require training, guidance and support when undertaking scrutiny.

## SUPPORTING CORPORATE IMPROVEMENT PROGRAMMES

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When an authority is working to an improvement programme – perhaps following a best value review or inspection – there is likely to be an oversight role for the audit committee. The committee should receive assurances that actions are being implemented and recommendations addressed. There may be a dedicated board for the programme and the committee would not seek to duplicate their work. It will need to understand progress, as it will be an area of interest to the external auditors and will link to the action plan of the AGS. Where there are areas of improvement directly within the remit of the committee, it may play a more active role.

## CONSIDERING MATTERS AT THE REQUEST OF STATUTORY OFFICERS OR OTHER COMMITTEES

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Occasionally, the audit committee may be requested to consider a review of a service, a proposed policy or other similar matters. Such requests could come from another committee in the organisation or from one of the statutory officers. In scoping the terms of reference for a review, the committee should avoid taking on a scrutiny or policy role and ensure the matter relates to governance, risk or control. Examples of where it may be helpful for the audit committee to assist could include:

- reviewing whether adequate governance, risk management or audit processes are in place in relation to a specific service or new policy area
- providing advice to the executive on possible risks or implications for good governance arising from a proposed course of action or decision.

In each case, the aim of the committee should be to make recommendations in line with its role as set out in the Position Statement: advocating the principles of good governance and helping to ensure that there are appropriate governance, risk, control and assurance arrangements in place.

Audit committee recommendations may support the advice or recommendations of the statutory officers but cannot override that advice.



# Independence and accountability

The audit committee of an authority should be established in accordance with the principles set out in the 2022 Position Statement. These will ensure that the committee is independent from other committees in the authority and is accountable to those charged with governance.

## 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
- in local authorities, be independent of both the executive and the scrutiny functions
- 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 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.

## 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
- 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.

CIPFA Position Statement 2022

## STRUCTURE AND INDEPENDENCE

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### Committee size

In other sectors, audit committees typically have fewer than six members. This is more difficult to achieve in a local authority. CIPFA's recommendation is that authorities should strive to have no more than eight members.

A committee of this size should allow sufficient breadth of experience but is small enough to allow the training and development of a dedicated group.

The use of substitutes on the committee is not recommended. The most effective membership will be based on knowledgeable and skilled members who are able to build on information gained at previous meetings. For example, when reviewing progress on the external audit, the committee member should have been sighted on the audit plan discussed at an earlier meeting.

### Reporting lines

The audit committee is an advisory committee on behalf of those charged with governance. As a result, the committee should report to the full council, fire authority or other local government governing body. It is not appropriate to be a sub-committee of the cabinet, scrutiny or policy and resources committee.

### Dedicated focus

To ensure a focus on the core functions, the committee should not be combined with other council committees such as scrutiny or standards or policy and resources. A combined committee can result in the distinction between the functions of the committees becoming blurred. The audit committee is non-political and should contain co-opted independent members. These arrangements are different to those of scrutiny. While a standards committee is also non-political and may contain lay members, its focus is different. An appropriate lay member for the audit committee may not be suitable for the work of the standards committee and vice versa. More details on the membership of the committee and role of the co-opted independent member are available in [Membership and effectiveness of the audit committee](#).

### Decision-making powers and delegations

CIPFA does not recommend that the audit committee be delegated decision-making powers, as it is advisory.

The committee should be able to make recommendations to other bodies for decisions – for example, to a scrutiny committee for further scrutiny review, and to cabinet, policy and resources or full council for decision. The committee can also make recommendations to the leadership team and service managers – for example, in response to issues raised by auditors.

CIPFA is aware that some authorities do delegate decisions, such as the approval of the financial statements. While the audit committee should lead on the detailed review of the statements, ultimately the statements are the responsibility of all those charged with governance. This is the equivalent of shareholders approving the annual report and accounts of a company.

### Rights of access to documents and requesting attendance at committee

As a committee of the authority, the audit committee can request information relevant to its role and agenda. It is good practice to agree on a template so there is clarity for all parties. Generally,



authorities operate on a principle of openness and transparency, so there should not be a difficulty in providing relevant information. At all times, the authority will need to have regard for maintaining confidentiality of personal or commercially sensitive data in accordance with guidance.

There may be times when it is not considered timely to provide the information requested – for example, where information is sensitive because of an investigation. In such cases, an adequate explanation should be given and an indication of when information might be available. The chair in particular needs to be briefed.

It is important for audit committee members to maintain an apolitical approach and a focus on overall arrangements rather than individual cases. The committee is not an investigative forum.

It will be helpful to request the attendance of officers at the committee to support discussion of a topic or to agree on the next steps. For example, if the committee wishes to review an internal audit report that identified significant areas for improvement, then it would be appropriate for the lead manager or director responsible for that service to attend the committee to discuss how they will address the weaknesses.

## ADMINISTRATIVE AND OPERATIONAL ARRANGEMENTS

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### Supporting the audit committee

As a full committee of the authority, the committee will receive secretariat support. It will also receive guidance on the proper conduct of the meeting under the authority's constitution and legislation.

The chair of the committee should take part in planning the agenda, helping to ensure that the committee addresses its terms of reference.

### Frequency of meetings

CIPFA recommends the committee should meet a minimum of four times per year. The number and frequency of meetings should be determined by what is efficient and effective to cover the work of the committee.

Some agenda items need to be considered at certain times of the year, such as the financial statements and AGS. Other items will be more flexible and others determined by urgency. An annual meetings planner can help to schedule core business throughout the year to achieve adequate coverage and a balance of activity.

Where an audit committee is addressing the full range of governance, risk, control and audit functions, care should be taken in balancing the frequency of meetings against the need to give the committee's business sufficient focused attention, without lengthy and unproductive meetings. Equally, the audit committee should review whether including each item on its agenda results in added value and whether some time-consuming aspects of audit committee business could be more effectively addressed elsewhere. In making these judgements, the audit committee should operate at a resolutely strategic level. Take care to avoid straying into matters of operational detail that service managers should resolve. The skilful chairing of meetings with well-planned agendas should provide the final mechanism for avoiding this danger.

## Transparency

Audit committees will normally meet in public, and agendas and minutes will be published. On occasion, there will be agenda items that meet the criteria to be heard in private. The chair should receive advice when a 'part 2' report is scheduled. The rationale for this should be stated.

Some authorities provide facilities for public questions at the start of a meeting. This supports openness and transparency but requires committee support to ensure questions are relevant for the scope of the committee.

## Meetings and interaction outside scheduled meetings

The committee may meet informally as required to fulfil other requirements – for example, to take part in training or briefing or conduct a self-assessment.

It is typical for political group meetings to take place before a policy committee meeting; however, the apolitical nature of the audit committee should make such meetings unnecessary.

It is likely that some information will be shared with committee members outside scheduled meetings. There may be a need to keep committee members briefed on issues that are on the agenda, and other matters may be too detailed for inclusion on the agenda. For example, internal audit reports may be provided in full to committee members but may be included on the meeting agenda only where there are significant risks to be discussed. Arrangements to provide the members with an appropriate level of information and updates and a protocol for managing information requests should be discussed and agreed.

## Private meetings with the external auditor and head of internal audit

It is standard practice for the external auditors and head of internal audit to have direct access to the audit committee. This helps to reinforce the independence of the auditors, helping them to maintain their professional standards. It also reinforces the independence of the audit committee. A private meeting provides a safe space for discussions and questions. Even if the auditor has no concerns, the meeting provides additional assurance of that.

Suggested questions to ask at a meeting include the following:

- Are you free to determine the scope of internal audit without interference?
- Do you have the access to senior management that you need?
- Do you have any concerns about governance arrangements that you are not comfortable sharing in front of management or in public?
- Are there any emerging governance risks that the committee should be alert to?

The meeting could also be used to test out a question on the auditor, perhaps when the audit committee member is not sure if it is an appropriate question to ask. The meeting thus provides a safe space for committee members and enables the member to ask with confidence in the open meeting. However, it is important that a private meeting is not used as a substitute for formal committee meetings, as this would undermine openness and transparency. Like all aspects of the committee's work, a private meeting should be non-political.

As a minimum, there should be a facility for a private meeting once a year, but they should be made available on request. The committee can meet separately with external audit and the head of internal audit, but a joint meeting could also be an option. To support transparency, the chair should report that a private meeting has taken place at the next audit committee meeting and summarise the topics discussed.

If governance concerns are raised with the audit committee in a private meeting, the chair of the audit committee should agree appropriate steps with the auditor. This would normally include follow-up discussions with one or more of the statutory officers.

## KEY RELATIONSHIPS

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To be effective, an audit committee will need to engage with a wide range of officers. Representatives of finance and internal audit will attend regularly and often are a source of support to the committee, but other senior officers would normally be expected to attend. While it is for each audit committee to determine who attends its meetings, the following examples show the wide range of officers who can add value to audit committee meetings:

- The chief executive and corporate directors for the AGS and other governance-related issues.
- The monitoring officer for the AGS and ethical governance issues.
- The risk management officer for discussions around risk management.
- The head of counter fraud for agenda items on fraud risks and counter fraud activity.
- Service senior managers for audit, risk or governance discussions on their service areas.
- Scrutiny, ethics or standards committee representatives – it may be helpful to invite representatives along to explain their work programme or recent reports.

Interactions with the head of internal audit will need to take account of the professional standards (PSIAS), so that the correct oversight and reporting can be demonstrated.

## ACCOUNTABILITY

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### To those charged with governance

The audit committee should be held to account regularly by those charged with governance – full council or the equivalent body in another authority. Accountability should cover:

- whether the committee has fulfilled its agreed terms of reference
- whether the committee has adopted recommended practice
- whether the development needs of committee members have been assessed and whether committee members are accessing briefing and training opportunities
- whether the committee has assessed its own effectiveness or been the subject of a review and the conclusions and actions from that review
- what impact the committee has on the improvement of governance, risk and control arrangements within the authority.

### The audit committee annual report

The committee should prepare an annual report that provides assurance to all those charged with governance that it fulfils its purpose and can demonstrate its impact. This is a key output of the committee. The report should be publicly available, supporting the authority's accountability to wider stakeholders, including the public.

Suggested content for the report is set out below.

#### Alignment of the committee to recommended practice

- The report should briefly outline the extent to which it follows the CIPFA Position Statement in the following areas:
  - The size of the committee.
  - Structure and composition, including the number of independent members.
  - Reporting line and independence from other committees.
  - Whether its terms of reference include all the core functions of the committee.
- Results of the committee's annual evaluation of its effectiveness and assurance over key indicators should be reported. There should be disclosure over areas where the committee has concerns (which could link to the action plan in the AGS) and a statement of what the audit committee has done to escalate their concerns or make recommendations.
- The report should summarise how it has fulfilled its terms of reference and the key issues escalated to the leadership team or other committees during the year.
- The report should summarise the development work that will support the committee members, eg training.

The annual report should be timed to support the annual review of governance and preparation of the AGS. This enables the committee to take stock of the assurances it has received and the extent to which its own performance has contributed to governance arrangements.

The committee should consider how it can improve understanding of its work and raise its profile among other elected members. By improving understanding and engagement, the influence of the committee is likely to grow. **CIPFA has produced a set of frequently asked questions about the work of the committee** that helps communicate its role and the value it brings.

### Supporting accountability to the public and stakeholders

The committee has a key role in reviewing the accountability reports of the authority and in helping the authority to discharge its responsibilities. Committee meetings will normally be held in public, except for exempt items, so this also contributes to the accountability of the authority to the public and stakeholders. The audit committee's own annual report will also support accountability to external stakeholders.

A wider group of stakeholders such as partner organisations may have an interest in the committee's work, although there is no direct accountability relationship between them. Holding open meetings and publishing agendas and minutes will support wider communication and transparency.

### Supporting internal accountabilities

Through a review of internal and external audit reports, risk management information and other key strategies, the audit committee will hold to account those responsible for implementing recommendations and action plans. In addition, by overseeing the evaluation and improvement of governance, risk management and control, the audit committee helps those responsible for governance to ensure that accountability throughout the authority works well.

The audit committee is most effective in supporting internal accountability when it discusses governance, risk or control issues with the responsible managers directly.

# Membership and effectiveness of the audit committee

Choosing elected members for the committee and appointing additional co-opted independent members is an important step in ensuring the committee can carry out its work effectively. This section examines the characteristics needed by members and practical issues. It also considers the importance of evaluating the effectiveness of the committee.

## 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.

## 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.

CIPFA Position Statement 2022

## COMMITTEE MEMBERSHIP

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### Elected representatives and political balance

Elected members of local authorities are part of the body charged with governance. Elected members bring knowledge of the organisation, its objectives and policies to the audit committee. Members with experience in scrutiny or standards offer additional knowledge of activity, risks and challenges affecting those areas.

Ideally, the selection of elected members to the audit committee will take account of aptitude and experience. In practice, most authorities have appointed members according to rules on political balance, even though the committee should be non-political. As long as the committee remains an advisory body and not decision making, then full council can waive the political balance requirement. Potentially, this could increase flexibility in the selection of suitable members.

### Separation from executive roles

The leader of the cabinet, administration, chair of the policy and resources committee or the elected mayor must not be a member of the audit committee. Care should also be taken where councillors in senior policy-making roles are considered for membership. Where an authority has a cabinet system of governance, including a member of cabinet on the committee is discouraged. If the council has a policy and resources committee, members of this committee should also not sit on the audit committee. In addition, chairs of other policy committees should not be members. This will allow members of the audit committee greater independence in their role and assist in a non-political approach.

If an executive member is included, other compensating arrangements should be made to ensure independence – for example, where there is a majority of independent members or an independent chair of the committee. An executive member should not chair the audit committee.

CIPFA recommends that a period of two years should elapse before a councillor who previously held a senior policy role joins the audit committee.

An overlap with other committee roles such as scrutiny or standards is not necessarily a problem. It can add value by bringing knowledge of activity in these areas into the committee. Those who are members of other committees should take care to not blur their roles.

It is important that there is engagement between those deciding policy matters and the audit committee. This will support audit committee members in staying up to date and help policy makers understand recommendations made by the committee. Examples of engagement could include the members of the executive attending the committee to brief them on the actions they are taking, or the chair of the audit committee attending cabinet or policy and resources to explain audit committee recommendations.

### Including co-opted independent members (also known as lay members)

A co-opted independent or lay member is a committee member who is not an elected representative but recruited to join the committee. The objective of including such members is to increase the knowledge and experience base of the committee, reinforcing its independence.

Inclusion of lay members is a legislative requirement for authorities in Wales and for combined authorities in England.

Where there is no requirement to, CIPFA recommends the committee includes two co-opted independent members.

The reasons for CIPFA's recommendation are as follows:

- To supplement the knowledge and experience of elected representatives in specific areas, such as audit or financial reporting.
- To provide continuity outside the political cycle. This is of particular importance where membership of the committee changes annually or because of elections.
- To help achieve a non-political focus on governance, risk and control matters.
- Having two co-opted members rather than one will allow recruitment of members with different but complementary knowledge and experience, increase the resilience and continuity of the committee.
- Having two co-opted members shows a commitment to supporting and investing in the committee.

While including co-opted members can bring real value to the committee, care is needed to ensure that the arrangement works well, both for the co-opted member and for the other committee members. It is essential that the co-opted member receives an adequate induction and ongoing support to provide organisational context and to build working relationships.

## The role of the co-opted independent member

The role description for a co-opted member of the committee will be the same as for an elected representative who is a committee member. The only substantial difference will be where the committee has been delegated decision-making responsibilities – although such delegations are not advised by CIPFA – a co-opted member cannot vote on council policy, so will not be able to take part in the decision, though they can, of course, contribute to the discussions prior to the formal decision. The minutes of the meeting should distinguish between a delegated committee decision and a recommendation from the committee to another council body. The latter is part of the role of an advisory committee and the co-opted member should be able to take part fully.

*Guiding the audit committee* contains additional resources to support the planning for and recruitment of independent members.

## Remuneration

It is usual practice to provide some form of payment to the lay committee members and to pay expenses for attending meetings. The allowance recognises the value and time contributed by the member. If an independent member is appointed as the committee chair, an additional sum would be appropriate. Elected members of the committee will be paid allowances and expenses in accordance with the authority's agreed arrangements.

## Appointment of the chair

In Wales, a lay member will be recruited specifically to the position of chair, and in other parts of the UK, some authorities have decided on a co-opted independent member for the role. This allows the authority to specify the requirements of the chair during recruitment. In other authorities, the appointment of the committee chair will be decided according to the constitution of the authority. In all cases, it is recommended that the characteristics of an effective chair are considered. These include:

- an ability to plan the work of the committee over the year and beyond
- meeting management skills

- an ability to bring an objective, apolitical attitude and help ensure the apolitical nature of the committee
- core knowledge and skills required of audit committee members
- a clear focus on the role of the committee and ambition to lead the committee in line with good governance principles
- a focus on improvement and securing agreement on actions.

The tenure of the audit committee chair remains a matter for the authority. When making this decision, it should be recognised that a period of continuity can be helpful, particularly for the development of greater knowledge and expertise, while rotation also helps to deliver a new perspective.

## Knowledge and experience

There is a range of knowledge and experience that audit committee members can bring to the committee that will enable it to perform effectively. No one committee member would be expected to be a specialist in all areas, but there are some core areas of knowledge that committee members will need to acquire.

Appendix C sets out a knowledge and skills framework for audit committee members and the committee chair. This can guide members on their training needs and support the evaluation of the overall knowledge and skills of the committee. It can also be used when recruiting independent members. It distinguishes between core areas of knowledge that all audit committee members should seek to acquire and a range of specialisms that can add value to the committee.

The audit committee should review risks, controls and assurances that cover the entire operation of the authority, so knowledge of specific service areas will be helpful. Other areas of specialist knowledge and experience – for example, in accountancy, audit, governance and risk management – will add value to the committee.

## Training and development

Audit committees should have access to support to guide them in their roles, help them to understand the key agenda items, and to keep them informed of new developments. *Guiding the audit committee* includes a suggested training and support programme.

New co-opted members may have technical knowledge and experience, but they will still need to understand the local government context with which they may not be familiar. Support should also be provided to help integrate them into the committee and familiarise them with the council's structure and processes.

Audit committee members should review their knowledge and skills – for example, as part of an annual self-assessment process or training needs analysis. As well as shaping the training plan, evidence of the assessment and delivery of training will support the profile of the committee – for example, by including it in the annual report.

## DEVELOPING EFFECTIVENESS

An audit committee's effectiveness should be judged by the contribution it makes to and beneficial impact it has on the authority's business. Since it is primarily an advisory body, it can be more difficult to identify how the audit committee has made a difference. Evidence of effectiveness will usually be characterised as 'influence', 'persuasion' and 'support'. A good standard of performance against recommended practice, together with a knowledgeable and experienced membership, are



essential requirements for delivering effectiveness. The CIPFA Position Statement recommends the committee's annual report should include the results of a performance assessment.

Assessing the effectiveness of the committee should consider the following:

- An assessment of whether the committee is operating in accordance with the practices recommended in this guidance and complies with legislation (where appropriate).
- How the committee has fulfilled its terms of reference, including the core functions of the committee.
- The operation of the committee, including the support and training provided and how members have developed their knowledge and experience.
- The committee's effectiveness in terms of impact on the quality of governance, risk management and internal control, together with satisfactory audit arrangements.
- Feedback from those interacting with the committee.

## Feedback to committee members

It is normal practice in other sectors for the chair of the audit committee to provide feedback to individual members. In the political environment of an authority, this is more difficult to do. Consideration should be given to facilitating general feedback as part of a wider committee self-assessment. Suggested areas for discussion include:

- attendance
- participation in discussions and questioning
- any training needs
- suggestions for how the committee could develop.

## Appendices to support evaluation

CIPFA has developed some improvement tools for the committee to use to inform its evaluation. These are available in Appendices E and F.

The audit committee should report on its effectiveness in its annual report, and the annual report should be timed to support the AGS. More information on the annual report is available in [Independence and accountability](#).

## Problem solving

Where the committee is experiencing difficulties, the improvement tools may help to identify those areas that need change. For a newly constituted committee, or one with several new members, it can take time to build up effective operations. This is one reason why a comprehensive programme of training and support is needed.

Other difficulties can arise if there is a poor understanding of the role and purpose of the committee among others or if there is insufficient engagement.

Appendix D includes a summary of the difficulties that audit committees sometimes experience and suggestions for addressing them.



# Sector and devolved government guidance

## PART 1: COMPARISON OF SECTOR AND DEVOLVED GOVERNMENT REGULATIONS AND GUIDANCE ON KEY AREAS RELATING TO AUDIT COMMITTEES

Guidance area	England (combined authorities)	Wales (local authorities and corporate joint committees)	England and Wales Police	England, Northern Ireland and Scotland (local authorities)
Specific legislation or statutory guidance	<p><u><a href="#">Cities and Local Government Devolution Act 2016.</a></u></p> <p><u><a href="#">Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.</a></u></p>	<p><u><a href="#">Local Government (Wales) Measure 2011</a></u> as amended by the <u><a href="#">Local Government (Democracy) (Wales) Act 2013.</a></u></p> <p><u><a href="#">Local Government and Elections (Wales) Act 2021.</a></u></p>	<p><u><a href="#">Financial Management Code of Practice for the Police Forces of England and Wales (FMCP)</a></u> (Home Office, 2018).</p>	Not applicable
Establishment of an audit committee	Required	Required	Required It is recommended that this should be a combined body for both PCC and chief constable.	No guidance
Composition of the audit committee	<p>Committees must have at least one independent person as defined by guidance.</p> <p>The committee should reflect the political balance of the constituent authorities as far as is reasonably practical.</p> <p>The committee may not include an officer of the combined authority or a constituent council.</p>	<p>The committee must have lay persons comprise one-third of its members.</p> <p>The member appointed as the committee chair must be a lay person.</p> <p>The deputy chair must not be a member of the executive or an assistant to its executive.</p> <p>The committee must be politically balanced.</p>	Police audit committees should comprise between three and five members who are independent of the PCC and the force.	No guidance

Guidance area	England (combined authorities)	Wales (local authorities and corporate joint committees)	England and Wales Police	England, Northern Ireland and Scotland (local authorities)
<b>Specified functions of the audit committee</b>	<p>Review and scrutinise the authority's financial affairs.</p> <p>Review and assess the authority's risk management, internal control and corporate governance arrangements.</p> <p>Review and assess the economy, efficiency and effectiveness with which resources have been used in discharging the authority's functions.</p> <p>Make reports and recommendations to the combined authority.</p>	<p>Review and scrutinise the authority's financial affairs.</p> <p>Make reports and recommendations in relation to the authority's financial affairs.</p> <p>Review and assess the risk management, internal control, performance assessment and corporate governance arrangements of the authority.</p> <p>Make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements.</p> <p>Review and assess the authority's ability to handle complaints effectively.</p> <p>Make reports and recommendations on the authority's ability to handle complaints effectively.</p> <p>Oversee the authority's internal and external audit arrangements.</p> <p>Review the financial statements prepared by the authority.</p>	<p>Consider the internal and external audit reports of both the PCC and the chief constable.</p> <p>Advise the PCC and the chief constable according to good governance principles and adopt appropriate risk management arrangements in accordance with proper practices.</p>	No guidance
<b>Responsibilities of the audit committee in relation to external audit</b>	No guidance	Oversee external audit arrangements.	Review external audit reports.	No guidance

## PART 2: GOVERNMENT GUIDANCE BY SECTOR AND DEVOLVED GOVERNMENT ON MATTERS THAT MAY BE INCLUDED IN AUDIT COMMITTEE TERMS OF REFERENCE

Accounts and audit regulations are statutory instruments issued by the UK or devolved governments. The various regulations impose requirements on 'relevant bodies' – eg a local authority, fire and rescue authority or police body – in relation to governance, internal control, financial reporting and internal audit.

The accounts and audit regulations do not specify that these requirements must be met by an audit committee. However, where it is the audit committee of a relevant body that undertakes or reviews the specified task, the audit committee must meet the requirements of the regulations and take them into account in agreeing their terms of reference.

The following is a link for each sector and/or region and the sets of regulations affecting them, highlighting key regulations. The regulations are subject to periodic updates by the appropriate government body, and audit committee members should be made aware of any changes by their organisation.

<b>Local authorities in England (including combined authorities and fire and rescue authorities)</b>	
Relevant government guidance	<a href="#"><u>Accounts and Audit (England) Regulations 2015</u></a>
<b>Local authorities in Wales</b>	
Relevant government guidance	<a href="#"><u>Accounts and Audit Regulations (Wales) 2014</u></a> and the <a href="#"><u>Accounts and Audit (Wales) (Amendment) Regulations 2018</u></a>
<b>Local authorities in Scotland</b>	
Relevant government guidance	<a href="#"><u>Local Authority Accounts (Scotland) Regulations 2014</u></a>
<b>Local authorities in Northern Ireland</b>	
Relevant government guidance	<a href="#"><u>Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015</u></a>
<b>Police in England</b>	
Relevant government guidance	<a href="#"><u>Accounts and Audit (England) Regulations 2015</u></a> (see also the statutory guidance <a href="#"><u>Financial Management Code of Practice for the Police Forces of England and Wales</u></a> (FMCP) (Home Office, 2018))
<b>Police in Wales</b>	
Relevant government guidance	<a href="#"><u>Accounts and Audit Regulations (Wales) 2014</u></a> and the <a href="#"><u>Accounts and Audit (Wales) (Amendment) Regulations 2018</u></a> (see also the <a href="#"><u>FMCP</u></a> )

### Financial reporting deadlines

Amendments affecting the timetables for financial and governance reporting have been introduced to allow for difficulties caused by the COVID-19 pandemic, and in England, difficulties with local audit. Committee members are advised to check the latest positions.



# Suggested terms of reference – local authority

## INTRODUCTION

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This appendix contains suggested terms of reference for local authorities.

In developing the terms of reference for an organisation, care should be taken to ensure that the specific regulations appropriate for the authority are taken into account. Appendix A sets out these requirements. Additional functions should be included where required.

Where the terms of reference refer to internal audit, regard should be had for how the internal audit charter has allocated responsibilities to the committee. The audit committee's terms of reference and the audit charter should align.

## SUGGESTED TERMS OF REFERENCE – LOCAL AUTHORITIES

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### Governance

The terms of reference should set out the committee's position in the governance structure of the authority.

### 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 [or *insert appropriate governing body*] 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 partnerships or collaborations.

## Financial and governance reporting

### 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 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
  - 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)
  - 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 (see Appendix A).

- 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.

### Accountability arrangements

- 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.
- 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**.

# Suggested terms of reference – police

## INTRODUCTION

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This appendix contains suggested terms of reference for the audit committee of the PCC and chief constable. The police audit committee must ensure that its terms of reference are in accordance with the FMCP (Home Office, 2018) and remain an advisory body.

In developing the terms of reference for an organisation, care should be taken to ensure that the specific regulations appropriate for the authority are taken into account. Appendix A sets out these requirements. Additional functions should be included where required.

Where the terms of reference refer to internal audit, regard should be had for how the internal audit charter has allocated responsibilities to the committee. The audit committee's terms of reference and the audit charter should align.

## SUGGESTED TERMS OF REFERENCE – AUDIT COMMITTEE OF THE PCC AND CHIEF CONSTABLE

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### Governance

The terms of reference should set out the committee's position as an advisory committee to support the PCC and chief constable.

### 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 the PCC and chief constable 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 OPCC and force.

- 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 OPCC's and force'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 OPCC and force from fraud and corruption.
- To monitor the counter fraud strategy, actions and resources.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

## Financial and governance reporting

### Governance reporting

- To review the AGS prior to approval by the PCC and chief constable 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 OPCC's and force'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 statements 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 reports to the PCC and the chief constable on issues arising from the audit of the accounts.

## Arrangements for audit and assurance

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

### 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 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 advise on commissions of additional 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 recommend for approval 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 review 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.
- To consider 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 recommend 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
  - 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)
  - 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 OPCC or force, or where 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 (see Appendix A).
- 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.

### **Accountability arrangements**

- To report to the PCC and chief constable 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.
- To report to the PCC and chief constable 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.

# Audit committee members – knowledge and skills framework

## CORE AREAS OF KNOWLEDGE

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
<b>Organisational knowledge</b>	<ul style="list-style-type: none"> <li>An overview of the authority's governance structures and decision-making processes.</li> <li>Knowledge of the organisational objectives and major functions of the authority.</li> </ul>	<ul style="list-style-type: none"> <li>This knowledge will be core to most of the audit committee's activities, including the AGS review, internal and external audit reports and risk registers.</li> </ul>
<b>Audit committee role and functions</b>	<ul style="list-style-type: none"> <li>An understanding of the audit committee's role and place within the governance structures.</li> <li>Familiarity with the committee's terms of reference and accountability arrangements.</li> <li>Knowledge of the purpose and role of the audit committee.</li> </ul>	<ul style="list-style-type: none"> <li>This knowledge will enable the audit committee to prioritise its work to ensure it discharges its responsibilities under its terms of reference and to avoid overlapping the work of others.</li> <li>It will help the committee undertake a self-assessment and prepare its annual report.</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>Knowledge of the seven principles as outlined in <b><u>Delivering Good Governance in Local Government: Framework</u></b> (CIPFA/Solace, 2016).</li> <li>The requirements of the AGS.</li> <li>How the principles of governance are implemented locally as set out in the local code of governance.</li> </ul>	<ul style="list-style-type: none"> <li>The committee will review the local code of governance and consider how governance arrangements align to the principles in the Framework.</li> <li>The committee will plan the assurances it is to receive to adequately support the AGS.</li> <li>The committee will review the AGS and consider how the authority is meeting the principles of good governance.</li> <li>The committee will receive audit reports and information on risks relating to governance.</li> </ul>

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Internal audit	<ul style="list-style-type: none"> <li>• An awareness of the key principles of the PSIAS and the LGAN.</li> <li>• Knowledge of the arrangements for delivery of the internal audit service in the authority and the charter.</li> <li>• How the role of the head of internal audit is fulfilled.</li> <li>• Details of the most recent external assessment and level of conformance with the standards.</li> <li>• Internal audit's strategy, plan and most recent annual opinion.</li> </ul>	<ul style="list-style-type: none"> <li>• The audit committee has oversight of the internal audit function and will monitor its adherence to professional internal audit standards.</li> <li>• The audit committee will review the assurances from internal audit work and will review the risk-based audit plan.</li> <li>• The committee will also receive the annual report, including an opinion and information on conformance with professional standards.</li> <li>• In relying on the work of internal audit, the committee will need to be confident that professional standards are being followed.</li> <li>• The audit committee chair is likely to be interviewed as part of the external quality assessment, and the committee will receive the outcome of the assessment and action plan.</li> </ul>
Financial management and financial reporting	<ul style="list-style-type: none"> <li>• Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them.</li> <li>• An understanding of good financial management practice as set out in the CIPFA <b><u>Financial Management Code</u></b> (FM Code) and the level of compliance with it.</li> <li>• Knowledge of how the organisation meets the requirements of the role of the CFO as required by <b><u>The Role of the Chief Financial Officer in Local Government</u></b> (CIPFA, 2016) and <b><u>The Role of CFOs in Policing</u></b> (2021).</li> <li>• An overview of the principal financial risks the authority faces.</li> </ul>	<ul style="list-style-type: none"> <li>• Reviewing the financial statements prior to publication, asking questions.</li> <li>• Receiving the external audit report and opinion on the financial audit.</li> <li>• Reviewing both external and internal audit recommendations relating to financial management and controls.</li> <li>• The audit committee should consider compliance with the FM Code and the role of the CFO and how this is met when reviewing the AGS.</li> </ul>
External audit	<ul style="list-style-type: none"> <li>• Knowledge of the role and functions of the external auditor and who currently undertakes this role.</li> <li>• Knowledge of the key reports and assurances that external audit will provide.</li> <li>• Familiarity with the auditor's most recent plan and the opinion reports.</li> <li>• Knowledge about arrangements for the appointment of auditors and quality management undertaken.</li> </ul>	<ul style="list-style-type: none"> <li>• The audit committee will meet with the external auditor regularly and receive their reports and opinions.</li> <li>• Monitoring external audit recommendations and maximising the benefit from the audit process.</li> <li>• The audit committee should monitor the relationship between the external auditor and the authority and support the delivery of an effective service.</li> </ul>



Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Risk management	<ul style="list-style-type: none"> <li>• Understanding of the principles of risk management, including how it supports good governance and decision making.</li> <li>• Knowledge of the risk management policy and strategy of the organisation.</li> <li>• Understanding of risk governance arrangements, including the role of members and of the audit committee.</li> <li>• Knowledge of the current risk maturity of the organisation and any key areas of improvement.</li> </ul>	<ul style="list-style-type: none"> <li>• In reviewing the AGS, the committee will consider the robustness of the authority's risk management arrangements.</li> <li>• Awareness of the major risks the authority faces is necessary to support the review of several audit committee agenda items, including the risk-based internal audit plan, external audit plans and the explanatory foreword of the accounts. Typically, risk registers will be used to inform the committee.</li> <li>• The committee should also review reports and action plans to develop the application of risk management practice.</li> </ul>
Counter fraud	<ul style="list-style-type: none"> <li>• An understanding of the main areas of fraud and corruption risk that the organisation is exposed to.</li> <li>• Knowledge of the principles of good fraud risk management practice in accordance with the <b><u>Code of Practice on Managing the Risk of Fraud and Corruption</u></b> (CIPFA, 2014).</li> <li>• Knowledge of the organisation's arrangements for tackling fraud.</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge of fraud risks and good fraud risk management practice will be helpful when the committee reviews the organisation's fraud strategy and receives reports on the effectiveness of that strategy.</li> <li>• An assessment of arrangements should support the AGS, and knowledge of good fraud risk management practice will support the audit committee member in reviewing that assessment.</li> </ul>
Values of good governance	<ul style="list-style-type: none"> <li>• Knowledge of the Seven Principles of Public Life.</li> <li>• Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff (eg code of conduct).</li> <li>• Knowledge of the whistleblowing arrangements in the authority.</li> </ul>	<ul style="list-style-type: none"> <li>• The audit committee member will draw on this knowledge when reviewing governance issues and the AGS.</li> <li>• Oversight of the effectiveness of whistleblowing will be considered as part of the AGS. The audit committee member should know to whom concerns should be reported.</li> </ul>
Treasury management (only if it is within the terms of reference of the committee to provide scrutiny)	<ul style="list-style-type: none"> <li>• <b><u>Effective Scrutiny of Treasury Management</u></b> is an assessment tool for reviewing the arrangements for undertaking scrutiny of treasury management. The key knowledge areas identified are: <ul style="list-style-type: none"> <li>– regulatory requirements</li> <li>– treasury risks</li> <li>– the organisation's treasury management strategy</li> <li>– the organisation's policies and procedures in relation to treasury management.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Core knowledge on treasury management is essential for the committee undertaking the role of scrutiny.</li> </ul>

See also **Treasure your assets** (Centre for Governance and Scrutiny, 2017).

## SPECIALIST KNOWLEDGE THAT ADDS VALUE TO THE AUDIT COMMITTEE

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More specialist knowledge will add value to the committee, helping to ensure the committee is able to achieve a greater depth of understanding. Including members with specialist knowledge means there is an additional resource to support other members. Specialist knowledge may be demonstrated by professional qualification and prior work experience.

When reviewing the overall knowledge of audit committee members or when planning the appointment of co-opted independent members, it is helpful to look for opportunities to include the following specialisms:

- Accountancy, with experience of financial reporting
- Internal auditing
- Risk management
- Governance and legal
- Expert service knowledge relevant for the organisation
- IT systems and security

## CORE SKILLS

As well as technical knowledge, the following skills will enhance an audit committee member's aptitude to be on the committee.

Skills	Key elements	How the audit committee member is able to apply the skill
<b>Strategic thinking and understanding of materiality</b>	Able to focus on material issues and the overall position rather than being side tracked by detail.	When reviewing audit reports, findings will include areas of higher risk or materiality to the organisation but may also highlight more minor errors or control failures. The audit committee member will need to pitch their review at an appropriate level to avoid spending too much time on detail.
<b>Questioning and constructive challenge</b>	Able to frame questions that draw out relevant facts and explanations, challenging performance and seeking explanations while avoiding hostility or grandstanding.	The audit committee will review reports and recommendations to address weaknesses in internal control. The audit committee member will seek to understand the reasons for weaknesses and ensure a solution is found.
<b>Focus on improvement</b>	Ensuring there is a clear plan of action and allocation of responsibility.	The audit committee's outcome will be to secure improvements to the governance, risk management or control of the organisation, including clearly defined actions and responsibilities. Where errors or control failures have occurred, the audit committee should seek assurances that appropriate action has been taken.
<b>Able to balance practicality against theory</b>	Able to understand the practical implications of recommendations to understand how they might work in practice.	The audit committee should seek assurances that planned actions are practical and realistic.
<b>Clear communication skills and focus on the needs of users</b>	Support the use of plain English in communications, avoiding jargon, acronyms, etc.	The audit committee will seek to ensure that external documents such as the AGS and the narrative report in the accounts are well written for a non-expert audience.
<b>Objectivity</b>	Evaluate information based on evidence presented, avoiding bias or subjectivity.	The audit committee will receive assurance reports and review risk registers. There may be differences of opinion about the significance of risk and the appropriate control responses, and the committee member will need to weigh up differing views.
<b>Meeting management skills</b>	Chair the meetings effectively: summarise issues raised, ensure all participants can contribute, and focus on the outcome and actions from the meeting.	These skills are essential for the audit committee chair to help ensure that meetings stay on track and address the items on the agenda. The skills are desirable for all other members.



# Problem-solving difficulties with the audit committee

It is not uncommon for audit committees to face difficulties or barriers in fulfilling their potential effectiveness. Some of these may be common issues that audit committees in any sector may face; others may be unique to the local authority or police setting. The following assessment may be of value in helping audit committee members or those supporting the committee to recognise and address the challenges.

Areas of difficulty	Possible causes	Possible improvement options
<b>Lack of experience and continuity of knowledge among audit committee members.</b>	<ul style="list-style-type: none"> <li>Where turnover of membership is very frequent, it will be difficult for the committee to build up experience.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced level of support and training to members will be required. To enhance continuity, the authority should consider recruitment of independent members.</li> </ul>
<b>Audit committee members do not feel confident in their knowledge of particular areas.</b>	<ul style="list-style-type: none"> <li>Lack of training and support.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced level of support and training to members.</li> </ul>
<b>Independent members lack knowledge of the organisation and lack connections with key managers.</b>	<ul style="list-style-type: none"> <li>Poor induction.</li> <li>Limited opportunities to engage with the organisation outside of formal meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Improve induction.</li> <li>Identify appropriate meetings, briefings or other opportunities that independent members could attend to help develop better understanding.</li> </ul>
<b>Poor management of audit committee meetings means that work is unfocused or fails to reach a clear conclusion.</b>	<ul style="list-style-type: none"> <li>Lack of experience or skill in managing meetings by the chair.</li> <li>Committee members are unsure about their role.</li> <li>Poor support from the committee secretary.</li> </ul>	<ul style="list-style-type: none"> <li>Training and support.</li> <li>Develop a mentoring/coaching programme.</li> <li>Chair seeks feedback from meeting participants.</li> <li>Consider skills and experience in the selection of the chair.</li> <li>Provide training and guidance to committee members on their role.</li> <li>Improve committee support.</li> </ul>
<b>The audit committee spends too much time on minor details rather than underlying arrangements of governance, risk and control.</b>	<ul style="list-style-type: none"> <li>Agenda management fails to prioritise key areas.</li> <li>The chair does not intervene to keep the focus at an appropriate level.</li> </ul>	<ul style="list-style-type: none"> <li>Review the process of agenda development.</li> <li>Review the terms of reference and provide training.</li> <li>The chair seeks feedback from meeting participants.</li> <li>Provide the chair with committee management training.</li> </ul>

Areas of difficulty	Possible causes	Possible improvement options
<b>The committee lacks focus, and members struggle to gain an overall understanding of their remit.</b>	<ul style="list-style-type: none"> <li>• Committee members have a range of objectives rather than focusing on governance, risk, control and audit matters.</li> <li>• The committee is too large or lacks continuity because of regular attendance by substitutes.</li> <li>• Infrequent attendance by senior officers.</li> </ul>	<ul style="list-style-type: none"> <li>• Training and emphasis on the non-political and strategic focus of the committee.</li> <li>• Reform of the committee structure to reduce membership and remove use of substitutes.</li> </ul>
<b>Senior officers do not understand the work of the committee and are not sighted on its output.</b>	<ul style="list-style-type: none"> <li>• The audit committee fails to engage with other committees in the authority.</li> <li>• Attendance is often limited to the CFO and the head of internal audit.</li> </ul>	<ul style="list-style-type: none"> <li>• Expand attendance at audit committee meetings – for example, invite heads of service when major risks or control issues are being discussed – and share the CIPFA guidance (FAQs) more widely.</li> </ul>
<b>Elected representatives not directly involved with the committee have little understanding of its work and do not see its output.</b>	<ul style="list-style-type: none"> <li>• Committee recommendations are not directed to appropriate member bodies.</li> <li>• Reporting arrangements are not effective.</li> <li>• Wider induction arrangements do not cover the audit committee.</li> </ul>	<ul style="list-style-type: none"> <li>• Invite newly elected members to attend audit committee meetings.</li> <li>• Review reporting and accountability arrangements.</li> <li>• Prepare an annual report that sets out how the committee has fulfilled its responsibilities.</li> <li>• Share the CIPFA guidance (FAQs).</li> </ul>
<b>Recommendations made by the audit committee are not actioned.</b>	<ul style="list-style-type: none"> <li>• A poor relationship between the committee and the executive or senior officers.</li> <li>• The audit committee's recommendations are not adequately aligned to organisational objectives.</li> </ul>	<ul style="list-style-type: none"> <li>• A senior officer provides internal facilitation to support improved relationships.</li> <li>• Improve knowledge and skills among audit committee members.</li> <li>• Ensure better engagement with appropriate managers or the executive at an earlier stage.</li> </ul>
<b>The audit committee fails to make recommendations or follow up on issues of concern.</b>	<ul style="list-style-type: none"> <li>• A weak or inexperienced chair.</li> <li>• Members are inexperienced or do not fully understand their role.</li> <li>• Poor briefing arrangements prior to meetings.</li> <li>• Committee reports fail to adequately identify the action required by the committee.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide guidance and support.</li> <li>• Improve briefing to the chair prior to the meeting.</li> <li>• Ensure reports contain clear recommendations.</li> </ul>
<b>The audit committee strays beyond its terms of reference – for example, undertaking a scrutiny role.</b>	<ul style="list-style-type: none"> <li>• The terms of reference do not adequately scope the work of the committee.</li> <li>• Misunderstanding about the role of the committee.</li> <li>• Inadequate guidance from the committee secretary to the chair on its role.</li> </ul>	<ul style="list-style-type: none"> <li>• Review the terms of reference and provide training and guidance.</li> </ul>

Areas of difficulty	Possible causes	Possible improvement options
Political points of view interfere with the work of the audit committee.	<ul style="list-style-type: none"> <li>• A lack of understanding about the role of the committee.</li> <li>• Difficulty separating the work of the committee from the wider politics of authority.</li> </ul>	<ul style="list-style-type: none"> <li>• Seek feedback from those interacting with the committee or external assessment.</li> <li>• Provide support or training for the chair.</li> <li>• Consider the role of independent members.</li> </ul>
A breakdown in the relationship between committee members and the executive, PCC or chief constable/deputy chief constable, or with senior management.	<ul style="list-style-type: none"> <li>• A lack of understanding about the role of the committee.</li> <li>• Differing perceptions on the value of the committee</li> <li>• Personality clashes.</li> </ul>	<ul style="list-style-type: none"> <li>• Review the terms of reference and provide training and guidance.</li> <li>• A senior officer provides internal facilitation to support improved relationships.</li> <li>• Seek an external assessment or facilitation.</li> <li>• Change the chair or membership if the constitution or opportunity arises.</li> </ul>





# Self-assessment of good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply					Partially complies and extent of improvement needed*				Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement					
Weighting of answers	0	1	2	3	5					

## Audit committee purpose and governance

1	Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Has the committee maintained its advisory role by not taking on any decision-making powers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Does the governing body hold the audit committee to account for its performance at least annually?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

Good practice questions	Does not comply	Partially complies and extent of improvement needed			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5
<b>8</b> Does the committee publish an annual report in accordance with the 2022 guidance, including:					
<ul style="list-style-type: none"> <li>compliance with the CIPFA Position Statement 2022</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>results of the annual evaluation, development work undertaken and planned improvements</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>how it has fulfilled its terms of reference and the key issues escalated in the year?</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Functions of the committee</b>					
<b>9</b> Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?					
Governance arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk management arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal control arrangements, including:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>financial management</li> <li>value for money</li> <li>ethics and standards</li> <li>counter fraud and corruption</li> </ul>					
Annual governance statement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assurance framework	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
External audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>10</b> Over the last year, has adequate consideration been given to all core areas?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11</b> Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>12</b> Has the committee met privately with the external auditors and head of internal audit in the last year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Good practice questions	Does not comply	Partially complies and extent of improvement needed			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5

### Membership and support

<b>13</b> Has the committee been established in accordance with the 2022 guidance as follows?					
<ul style="list-style-type: none"> <li>Separation from executive</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>A size that is not unwieldy and avoids use of substitutes</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>14</b> Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>15</b> Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>16</b> Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>17</b> Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>18</b> Is adequate secretariat and administrative support provided to the committee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>19</b> Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Effectiveness of the committee

<b>20</b> Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>21</b> Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>22</b> Are meetings effective with a good level of discussion and engagement from all the members?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>23</b> Has the committee maintained a non-political approach to discussions throughout?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

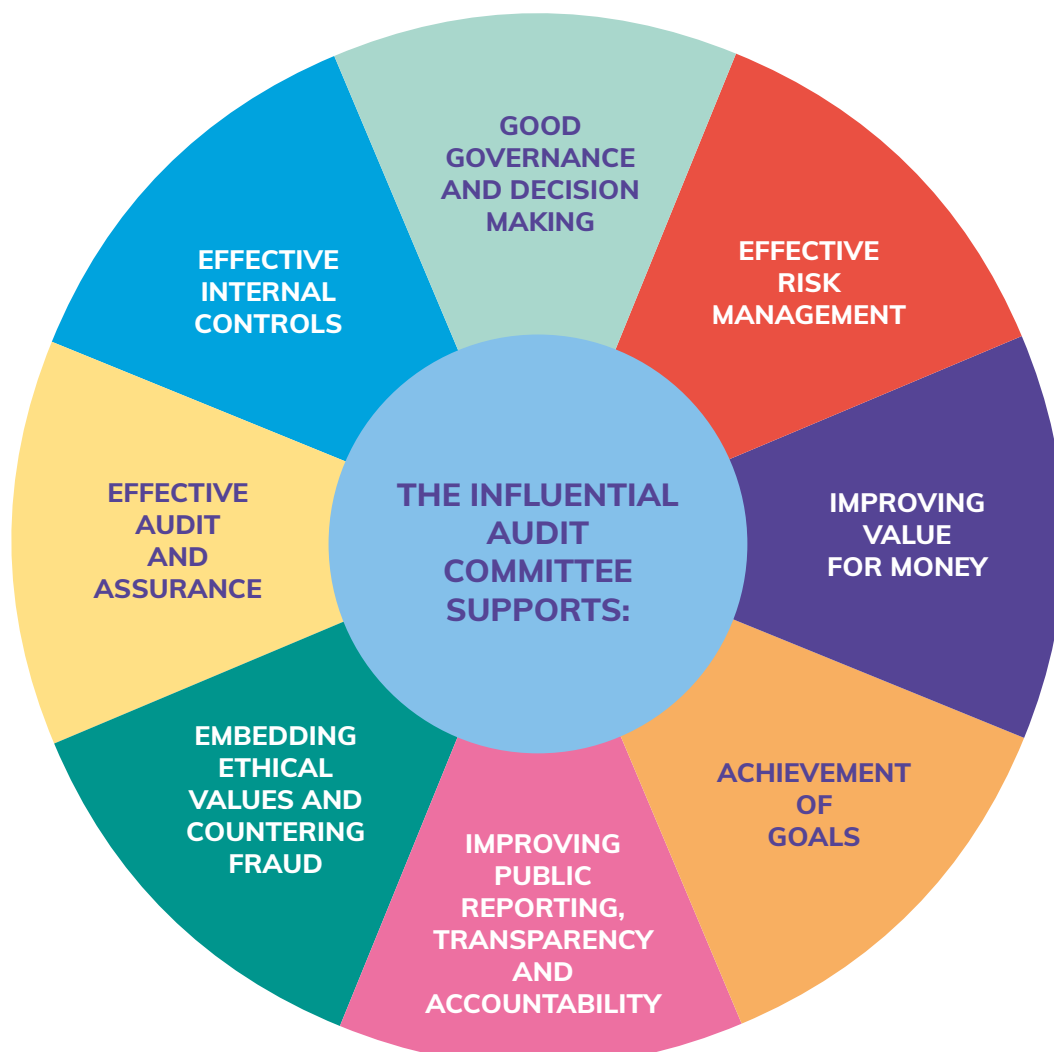
Good practice questions	Does not comply	Partially complies and extent of improvement needed			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5
24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26 Do audit committee recommendations have traction with those in leadership roles?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27 Has the committee evaluated whether and how it is adding value to the organisation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28 Does the committee have an action plan to improve any areas of weakness?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29 Has this assessment been undertaken collaboratively with the audit committee members?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Subtotal score</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Total score</b>					
<b>Maximum possible score</b>					<b>200**</b>

# Evaluating the impact and effectiveness of the audit committee

An audit committee's effectiveness should be judged by the contribution it makes to and the beneficial impact it has on the authority's business. Since it is primarily an advisory body, it can be more difficult to identify how the audit committee has made a difference. Evidence of effectiveness will usually be characterised as 'influence', 'persuasion' and 'support'.

The improvement tool below can be used to support a review of effectiveness. It identifies the broad areas where an effective audit committee will have impact.

**Figure 1: The influential audit committee**



The table includes examples of what the audit committee might do to have impact in each of these areas.

The third area includes key indicators that might be expected to be in place if arrangements are in fact effective. These indicators are not directly within the control of the audit committee, as it is an advisory body. They do provide an indication that the authority has put in place adequate and effective arrangements, which is the purpose of the committee.

Use the tool for discussion and evaluation of the strengths and weakness of the committee, identifying areas for improvement.

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
<p><b>Promoting the principles of good governance and their application to decision making.</b></p>	<ul style="list-style-type: none"> <li>• Supporting the development of a local code of governance.</li> <li>• Providing a robust review of the AGS and the assurances underpinning it.</li> <li>• Supporting reviews/audits of governance arrangements.</li> <li>• Participating in self-assessments of governance arrangements.</li> <li>• Working with partner audit committees to review governance arrangements in partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>• Elected members, the leadership team and senior managers all share a good understanding of governance, including the key principles and local arrangements.</li> <li>• Local arrangements for governance have been clearly set out in an up-to-date local code.</li> <li>• The authority's scrutiny arrangements are forward looking and constructive.</li> <li>• Appropriate governance arrangements established for all collaborations and arm's-length arrangements.</li> <li>• The head of internal audit's annual opinion on governance is satisfactory (or similar wording).</li> </ul>	
<p><b>Contributing to the development of an effective control environment.</b></p>	<ul style="list-style-type: none"> <li>• Encouraging ownership of the internal control framework by appropriate managers.</li> <li>• Actively monitoring the implementation of recommendations from auditors.</li> <li>• Raising significant concerns over controls with appropriate senior managers.</li> </ul>	<ul style="list-style-type: none"> <li>• The head of internal audit's annual opinion over internal control is that arrangements are satisfactory.</li> <li>• Assessments against control frameworks such as CIPFA's FM Code have been completed and a high level of compliance identified.</li> <li>• Control frameworks are in place and operating effectively for key control areas – for example, information security or procurement.</li> </ul>	

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<ul style="list-style-type: none"> <li>• Reviewing risk management arrangements and their effectiveness, eg risk management maturity or benchmarking.</li> <li>• Monitoring improvements to risk management.</li> <li>• Reviewing accountability of risk owners for major/ strategic risks.</li> </ul>	<ul style="list-style-type: none"> <li>• A robust process for managing risk is evidenced by independent assurance from internal audit or external review.</li> </ul>	
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<ul style="list-style-type: none"> <li>• Reviewing the adequacy of the leadership team's assurance framework.</li> <li>• Specifying the committee's assurance needs, identifying gaps or overlaps in assurance.</li> <li>• Seeking to streamline assurance gathering and reporting.</li> <li>• Reviewing the effectiveness of assurance providers, eg internal audit, risk management, external audit.</li> </ul>	<ul style="list-style-type: none"> <li>• The authority's leadership team have defined an appropriate framework of assurance, including core arrangements, major service areas and collaborations and external bodies.</li> </ul>	
Supporting effective external audit, with a focus on high quality and timely audit work.	<ul style="list-style-type: none"> <li>• Reviewing and supporting external audit arrangements with focus on independence and quality.</li> <li>• Providing good engagement on external audit plans and reports.</li> <li>• Supporting the implementation of audit recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>• The quality of liaison between external audit and the authority is satisfactory.</li> <li>• The auditors deliver in accordance with their audit plan and any amendments are well explained.</li> <li>• An audit of high quality is delivered.</li> </ul>	
Supporting the quality of the internal audit activity, in particular underpinning its organisational independence.	<ul style="list-style-type: none"> <li>• Reviewing the audit charter and functional reporting arrangements.</li> <li>• Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements.</li> <li>• Actively supporting the quality assurance and improvement programme of internal audit.</li> </ul>	<ul style="list-style-type: none"> <li>• Internal audit that is in conformance with PSIAS and LGAN (as evidenced by the most recent external assessment and an annual self-assessment).</li> <li>• The head of internal audit and the organisation operate in accordance with the principles of the CIPFA <b><u>Statement on the Role of the Head of Internal Audit</u></b> (2019).</li> </ul>	

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
<p><b>Aiding the achievement of the authority's goals and objectives by helping to ensure appropriate governance, risk, control and assurance arrangements.</b></p>	<ul style="list-style-type: none"> <li>• Reviewing how the governance arrangements support the achievement of sustainable outcomes.</li> <li>• Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place.</li> <li>• Reviewing the effectiveness of performance management arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>• Inspection reports indicate that arrangements are appropriate to support the achievement of service objectives.</li> <li>• The authority's arrangements to review and assess performance are satisfactory.</li> </ul>	
<p><b>Supporting the development of robust arrangements for ensuring value for money.</b></p>	<ul style="list-style-type: none"> <li>• Ensuring that assurance on value-for-money arrangements is included in the assurances received by the audit committee.</li> <li>• Considering how performance in value for money is evaluated as part of the AGS.</li> <li>• Following up issues raised by external audit in their value-for-money work.</li> </ul>	<ul style="list-style-type: none"> <li>• External audit's assessments of arrangements to support best value are satisfactory.</li> </ul>	
<p><b>Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.</b></p>	<ul style="list-style-type: none"> <li>• Reviewing arrangements against the standards set out in the <i>Code of Practice on Managing the Risk of Fraud and Corruption</i> (CIPFA, 2014).</li> <li>• Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks.</li> <li>• Assessing the effectiveness of ethical governance arrangements for both staff and governors.</li> </ul>	<ul style="list-style-type: none"> <li>• Good ethical standards are maintained by both elected representatives and officers. This is evidenced by robust assurance over culture, ethics and counter fraud arrangements.</li> </ul>	



Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
<p>Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.</p>	<ul style="list-style-type: none"> <li>Working with key members/ the PCC and chief constable to improve their understanding of the AGS and their contribution to it.</li> <li>Improving how the authority discharges its responsibilities for public reporting – for example, better targeting the audience and use of plain English.</li> <li>Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency.</li> <li>Publishing an annual report from the committee.</li> </ul>	<ul style="list-style-type: none"> <li>The authority meets the statutory deadlines for financial reporting with accounts for audit of an appropriate quality.</li> <li>The external auditor completed the audit of the financial statements with minimal adjustments and an unqualified opinion.</li> <li>The authority has published its financial statements and AGS in accordance with statutory guidelines.</li> <li>The AGS is underpinned by a robust evaluation and is an accurate assessment of the adequacy of governance arrangements.</li> </ul>	

## OVERALL QUESTIONS TO CONSIDER

- 1 Does the committee proactively seek assurance over the key indicators?
- 2 How proactive is the committee in responding to aspects of governance, risk, control and audit that need change or improvement?
- 3 Are recommendations from the committee taken seriously by those responsible for taking action?

## REPORTING RESULTS

The outcome of the review can be used to inform the committee's annual report.

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10/2022

<b>DECISION-MAKER:</b>	COUNCIL
<b>SUBJECT:</b>	SOUTHAMPTON CITY COUNCIL AND POLICE AND CRIME COMMISSIONER ELECTIONS 2024
<b>DATE OF DECISION:</b>	15 <sup>TH</sup> MAY 2024
<b>REPORT OF:</b>	THE RETURNING OFFICER

<b><u>CONTACT DETAILS</u></b>			
<b>Executive Director</b>	<b>Title</b>	Chief Executive	
	<b>Name:</b>	Andrew Travers	Tel: 023 8083 2882
	<b>E-mail</b>	Andrew.travers@southampton.gov.uk	
<b>Author:</b>	<b>Title</b>	Elections Manager	
	<b>Name:</b>	Mike Hickman	Tel: 023 8083 3954
	<b>E-mail</b>	Mike.hickman@southampton.gov.uk	
<b>STATEMENT OF CONFIDENTIALITY</b>			
None			
<b>BRIEF SUMMARY</b>			
Report of the Returning Officer detailing the results of the Southampton City Council and Police and Crime Commissioner elections held on Thursday 2 May 2024.			
<b>RECOMMENDATIONS:</b>			
	(i)	To note the results of the Southampton City Council and Police and Crime Commissioners Elections on Thursday 2 May 2024.	
<b>REASONS FOR REPORT RECOMMENDATIONS</b>			
1.	To officially record the results of the Southampton City Council Elections on Thursday 2 May 2024.		
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>			
2.	Not applicable.		
<b>DETAIL (Including consultation carried out)</b>			
3.	Election of City Councillors for 17 wards in the City. There was one vacancy in each ward and the following candidates were duly elected:		
	<b>Ward</b>	<b>City Councillor</b>	<b>Party</b>
	Banister & Polygon	Vivienne WINDLE	Labour
	Bargate	Ginnie LAMBERT	Labour
	Bassett	Sarah Louise WOOD	Liberal Democrat
	Bevois	Jacqui Michelle RAYMENT	Labour
	Bitterne Park	Gordon John COOPER	Labour
	Coxford	Beccy GREENHALGH	Labour
	Freemantle	Christie Marie LAMBERT	Labour

	Harefield	Rob HARWOOD	Conservative
	Millbrook	Christian Michael COX	Labour
	Peartree	Simon Jonathan LETTS	Labour
	Portswood	John SAVAGE	Labour
	Redbridge	Eugene MCMANUS	Labour
	Shirley	Alice KLOKER	Labour
	Sholing	Jaden William BEURAIN	Conservative
	Swaythling	Thomas Stephen GRAVATT	Liberal Democrat
	Thornhill	Joshua Mark ALLEN	Labour
	Woolston	Rob STEAD	Conservative
4.	Donna Jones (Conservative) was duly elected as the Police and Crime Commissioner.		
<b>RESOURCE IMPLICATIONS</b>			
<b><u>Capital/Revenue</u></b>			
5.	Not applicable.		
<b><u>Property/Other</u></b>			
6.	Not applicable.		
<b>LEGAL IMPLICATIONS</b>			
<b><u>Statutory power to undertake proposals in the report:</u></b>			
7.	Not applicable.		
<b><u>Other Legal Implications:</u></b>			
8.	Not applicable.		
<b>RISK MANAGEMENT IMPLICATIONS</b>			
9.	Not applicable.		
<b>POLICY FRAMEWORK IMPLICATIONS</b>			
10.	Not applicable.		
<b>KEY DECISION?</b>		<b>No</b>	
<b>WARDS/COMMUNITIES AFFECTED:</b>		All	
<b><u>SUPPORTING DOCUMENTATION</u></b>			
<b>Appendices</b>			
1.	None.		
<b>Documents In Members' Rooms</b>			
1.	None.		
<b>Equality Impact Assessment</b>			
<b>Do the implications/subject of the report require an Equality and</b>			<b>No</b>

<b>Safety Impact Assessment (ESIA) to be carried out.</b>		
<b>Data Protection Impact Assessment</b>		
<b>Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.</b>		<b>No</b>
<b>Other Background Documents</b>		
<b>Other Background documents available for inspection at:</b>		
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>	
1.	Declaration of Result of Poll for each of the 17 wards	

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<b>DECISION-MAKER:</b>	Cabinet Council
<b>SUBJECT:</b>	Household Support Fund 5: April 2024 – September 2024
<b>DATE OF DECISION:</b>	<b>16 April 2024</b> <b>15 May 2024</b>
<b>REPORT OF:</b>	<b>COUNCILLOR KATARIA</b> <b>CABINET MEMBER FOR COMMUNITIES AND LEISURE</b>

<u>CONTACT DETAILS</u>			
<b>Executive Director</b>	<b>Title</b>	<b>Executive Director Wellbeing &amp; Housing</b>	
	<b>Name:</b>	<b>Claire Edgar</b>	<b>Tel:</b> 023 8083 3045
	<b>E-mail:</b>	<b>Claire.edgar@southampton.gov.uk</b>	
<b>Author:</b>	<b>Title</b>	<b>Improvement Manager</b>	
	<b>Name:</b>	<b>Sara Crawford</b>	<b>Tel:</b> 023 8083 2673
	<b>E-mail:</b>	<a href="mailto:Sara.crawford@southampton.gov.uk">Sara.crawford@southampton.gov.uk</a>	

<b>STATEMENT OF CONFIDENTIALITY</b>		
Not applicable.		
<b>BRIEF SUMMARY</b>		
<p>The Government announced in its Budget Statement on 06/03/2024, its intention to extend Household Support Fund for an additional six months. The funding is provided to County Councils and Unitary Authorities in England to support those most in need to help with the cost of living. Southampton City Council has been allocated £2.2 Million for the period from 1 April 2024 to 30 September 2024.</p>		
<b>RECOMMENDATIONS:</b>		
Having complied with paragraph 15 of the Council's Access to Information Procedure Rules:		
<b>Cabinet</b>	(i)	To approve in principle for Southampton City Council to participate in the delivery of the next phase of Household Support Fund from 1 April 2024 to 30 September 2024.
	(ii)	To delegate authority to the Executive Director Wellbeing & Housing to finalise the details of the local Household Support Fund scheme following consultation with the Executive Director Corporate Services and S151 Officer and the Cabinet Member for Communities and Leisure and to administer funding in accordance with that scheme.
<b>Council</b>	(i)	To approve and accept Household Support Fund for the period 1 April 2024 to 30 September 2024.

<b>REASONS FOR REPORT RECOMMENDATIONS</b>	
1.	This report is submitted for consideration as a General Exception under paragraph 15 of the Access to Information Procedure Rules in Part 4 of the City Council's Constitution, notice having been given to the Chair of the relevant Scrutiny Panel and the Public. The matter requires a decision under this regulation due to its urgency (that it is impracticable to defer the decision until 28 clear days' notice has been given on the Forward Plan). This is due to the timescales given between the Government announcement of funding being made available on 06/03/2024 and the period within which the scheme must be delivered (01/04/2024 – 30/09/2024).
2	This pledge of funding for Household Support Fund is to be provided to County Councils and Unitary Authorities and forms part of the Government's wider package of support for those most in need, to help with the cost of living. This funding can be used to support some of our most vulnerable households.
3.	Local Authorities received the final guidance and confirmation of actual amount of funding allocated on 26/03/2024. The total allocation for Southampton City Council is £2,222,676.23.
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>	
4.	The Council may consider not accepting this funding. This is not recommended as the fund is designed to assist Local Authorities to help residents experiencing financial hardship and to be complementary to the Government's wider package of 'Help for Households' - cost of living support.
<b>DETAIL (Including consultation carried out)</b>	
5.	Since December 2020, the Government has provided funding to Local Authorities to provide hardship support for residents who have been affected by the pandemic and its recovery and the 'Cost of Living' crisis. This support was previously directed to Local Authorities through the Department for Work and Pensions (DWP) Winter fund, and the Covid Local Support Grant. This finished on the 30th of September 2021 and was superseded by the Household Support Fund (HSF).
6.	Household Support Fund has been provided to County Councils and Unitary Authorities since October 2021 and forms part of the Government's wider package of support for those most in need, to help with the cost of living. Locally, this funding has been used to support some of our most vulnerable households. The total allocation for Southampton City Council is £2,222,676.23.
7.	In previous phases, Household Support Fund could be used to support households with the cost of food and water bills, essential costs related to energy, food and water, and with wider essential costs. Local Authorities have had some discretion on exactly how the funding has been used - but this has to be within the scope set out in the grant determination and guidance.



8.	<p>Previous announcements of Household Support Fund have been made at quite short notice and requirements of scheme have changed significantly between phases. These requirements can have a significant impact on how and what local authorities are able to deliver.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>• 30th September 2021- 31st March 2022 allowed Local Authorities to spend up to 80% of their allocated funding on households with children and the remaining 20% on those without.</li> <li>• 1st April 2022- 30th September 2022 required Local Authorities to ensure that at least one third of the available funds was made available to pensioners.</li> <li>• 1st October 2022 – 31st March 2023 required Local Authorities to operate at least part of their scheme on an application basis i.e. residents should have the opportunity to come forward to ask for support.</li> <li>• 1st April 2023- 31 March 2024 continued to require Local Authorities to operate at least part of their scheme on an application basis i.e. residents should have the opportunity to come forward (self-referral) to ask for support and was also extended to being able to use the funding for advice service provision - where advice was linked to HSF practical support.</li> </ul>
9.	<p>For the most recent phase (1st April 2023 – 31st March 2024), we received £4.4. million and have delivered a mixed model of support to residents including:</p> <ul style="list-style-type: none"> <li>• Vouchers for Free School Meal eligible pupils in school holidays.</li> <li>• ‘Mini -HAF’ (Holiday Activities &amp; Food) style programme during half-terms.</li> <li>• Self-Referral Online scheme for supermarket vouchers</li> <li>• Agency Referral Scheme for supermarket vouchers, white goods and prepayment utility top-ups.</li> <li>• Increased capacity in local projects offering practical support to tackle fuel &amp; food poverty and welfare advice provision.</li> <li>• Help with housing costs via increased funding for Discretionary Housing Payments and rent deposits.</li> </ul>
10.	<p>Guidance from Central Government for Household Support Fund (01/04 - 30/09 2024) has now been received and we will design and deliver our scheme in line with the requirements and in consultation with key stakeholders, and in consultation with the Cabinet Member for Communities and Leisure. A delivery plan will be submitted to the DWP by 10th May 2024. The delivery plan will be signed off by the Authority’s Section 151 Officer.</p>
<b>RESOURCE IMPLICATIONS</b>	
<u>Capital/Revenue</u>	

11.	Our local Household Support Fund scheme will be designed to keep within the funding provided by Central Government and will be robustly monitored via regular reports to the Household Support Fund Steering Group to ensure no overspend occurs and that appropriate returns to Government to draw down funding are accurate.
<b><u>Property/Other</u></b>	
12.	None.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
13.	Localism Act 2011 ('General Power of Competence').
<b><u>Other Legal Implications:</u></b>	
14.	The Council must act in accordance with the Public Contracts Regulations 2015 ("PCRs") when procuring services from third parties to enable delivery of scheme objectives.
15.	The Scheme must be designed having regard to the provisions of the Equalities Act 2010, and in particular, the Public Sector Equality Duty ('PSED') as set out in s.149 of the Act (the need to exercise functions having regard to the need to eliminate harassment, victimisation and discrimination on the grounds of protected characteristics). An Equalities Impact Assessment will be undertaken when designing the Scheme to ensure compliance with the PSED.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
16.	Southampton City Council has experience of administering previous Household Support Fund resources to residents. The timescales between receiving confirmation of the funding allocation and the new guidance and the delivery period of the scheme brings some practical challenges and may lead to a delay to full implementation, but officers will review the guidance and requirements and seek to implement a full scheme, following consultation with the Cabinet Member, as soon as is practical after the 1 April 2024.
17.	Although this fund is designed to assist local authorities to help residents experiencing financial hardship linked to rises in the cost of living, there will be restrictions in the type of support that can be provided to residents. It may also be difficult to predict levels of need and demand, and residents' expectations of support available. The funding is finite and therefore must be viewed as being part of the Government's wider package of 'Cost of Living' support and efforts to support residents through this period.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
18.	The recommendations of this report are entirely consistent with and not contrary to the Council's policy framework.

<b>KEY DECISION?</b>	<b>Yes</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	<b>ALL</b>

<u>SUPPORTING DOCUMENTATION</u>	
<b>Appendices</b>	
1.	ESIA
<b>Documents In Members' Rooms</b>	
1.	None
<b>Equality Impact Assessment</b>	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
<b>Data Protection Impact Assessment</b>	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
<b>Other Background Documents</b> Other Background documents available for inspection at:	
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>

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### Equality and Safety Impact Assessment

The **Public Sector Equality Duty** (Section 149 of the Equality Act) requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people carrying out their activities.

The Equality Duty supports good decision making – it encourages public bodies to be more efficient and effective by understanding how different people will be affected by their activities, so that their policies and services are appropriate and accessible to all and meet different people’s needs. The Council’s Equality and Safety Impact Assessment (ESIA) includes an assessment of the community safety impact assessment to comply with Section 17 of the Crime and Disorder Act and will enable the Council to better understand the potential impact of proposals and consider mitigating action.

<b>Name or Brief Description of Proposal</b>	Acceptance of government funds for Household Support Fund (HSF)
<b>Brief Service Profile (including number of customers)</b>	
The HSF is funded by central government to provide support to families and individuals in particular hardship at a time of rising costs. SCC has been advised that funding will be made available to Local Authorities for the period 1/04/2024 to 30/09/2024.	
<b>Summary of Impact and Issues</b>	
There may be groups who are particularly vulnerable to rising prices even for example large families or single income families. In previous phases of Household Support Fund, it was intended to cover a wide range of low-income households in need including families with children of all ages, pensioners, unpaid carers, care leavers, and people with disabilities. Household Support Fund allows local authorities to provide additional support at a time when some households are struggling with the current cost of living crisis.	
<b>Potential Positive Impacts</b>	
<ul style="list-style-type: none"> <li>• Additional support for families and individuals in need at a time of rising prices.</li> <li>• Enable families to access other support including advice and guidance on benefits and other support they may be eligible for.</li> </ul>	
<b>Responsible Service Manager</b>	Sara Crawford/Maria Byrne
<b>Date</b>	07/03/2024
<b>Approved by Senior Manager</b>	Claire Edgar
<b>Date</b>	tbc

## Potential Impact

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
<b>Age</b>	Failure to accept and distribute this fund will impact significantly on poorer pensioner households who may be able to access this support.	Accept the funding.
<b>Disability</b>	Failure to accept and distribute this fund will impact significantly on households with a disabled person who may be able to access this support.	Accept the funding.
<b>Gender Reassignment</b>	None identified.	
<b>Marriage and Civil Partnership</b>	None identified.	
<b>Pregnancy and Maternity</b>	Failure to accept and distribute this fund will impact significantly on pregnant women or those unable to work households who may be able to access this support.	Accept the funding.
<b>Race</b>	Failure to accept and distribute this fund will impact significantly on individuals and families from all ethnicities who may be able to access this support.	Accept the funding.
<b>Religion or Belief</b>	None identified.	
<b>Sex</b>	None identified.	
<b>Sexual Orientation</b>	None identified.	
<b>Community Safety</b>	None identified.	
<b>Poverty</b>	Failure to accept and distribute this fund will impact significantly on individuals and families from all parts of the City who are struggling financially and who may be able to access this support.	Accept the funding.
<b>Health &amp; Wellbeing</b>	Failure to accept and distribute this fund will further impact on the health and wellbeing of families and individuals already negatively impacted by the cost of living crisis.	Accept the funding.

<b>Impact Assessment</b>	<b>Details of Impact</b>	<b>Possible Solutions &amp; Mitigating Actions</b>
<b>Other Significant Impacts</b>	None identified.	

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<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	OVERVIEW AND SCRUTINY: ANNUAL REPORT 2023/24		
<b>DATE OF DECISION:</b>	15 MAY 2024		
<b>REPORT OF:</b>	COUNCILLOR BLACKMAN - CHAIR OF THE OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE 2023/24		
<b><u>CONTACT DETAILS</u></b>			
<b>Author:</b>	<b>Title:</b>	Scrutiny Manager	
	<b>Name:</b>	Mark Pirnie	<b>Tel:</b> 023 8083 3886
	<b>E-mail:</b>	Mark.pirnie@southampton.gov.uk	
<b>STATEMENT OF CONFIDENTIALITY</b>			
None			
<b>BRIEF SUMMARY</b>			
<p>The Overview and Scrutiny Management Committee (OSMC) is required to submit a report summarising scrutiny activity over the past twelve months to Council each year. The document, attached at Appendix 1, is therefore submitted for information in accordance with paragraph 2.2.7 of the Overview and Scrutiny Procedure Rules within the Council's constitution.</p>			
<b>RECOMMENDATION:</b>			
	(i)	That the report be noted.	
<b>REASONS FOR REPORT RECOMMENDATIONS</b>			
1.	The report is submitted for information in line with the requirements of the constitution		
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>			
2.	None, since the production of this report is a requirement set out in the Council's constitution.		
<b>DETAIL (Including consultation carried out)</b>			
3.	The Council's overview and scrutiny procedure rules require an annual report to be made to Council on the overview and scrutiny function. Attached as Appendix 1 is the Overview and Scrutiny Annual Report covering the 2023/24 municipal year. It aims to provide a succinct summary of the main scrutiny activities and inquiries undertaken during the course of the year.		
4.	The 2023/24 Chairs of the OSMC, Health Overview and Scrutiny Panel (HOSP), Children and Families Scrutiny Panel (CFSP) and the Scrutiny Inquiry Panel have been consulted on the contents of the report.		
<b>RESOURCE IMPLICATIONS</b>			
<b><u>Capital/Revenue</u></b>			
5.	None		

<b><u>Property/Other</u></b>	
6.	None
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
7.	The duty to undertake overview and scrutiny is set out in Part 1A Section 9 of the Local Government Act 2000.
<b><u>Other Legal Implications:</u></b>	
8.	None
<b>RISK MANAGEMENT IMPLICATIONS</b>	
9.	None directly as a result of this report
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
10.	None directly as a result of this report
<b>KEY DECISION</b>	No
<b>WARDS/COMMUNITIES AFFECTED:</b>	None directly as a result of this report
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	Overview and Scrutiny Annual Report 2023/24
<b>Documents In Members' Rooms</b>	
1.	None
<b>Equality Impact Assessment</b>	
Do the implications/subject of the report require an Equality and Safety Impact Assessments (ESIA) to be carried out?	No
<b>Data Protection Impact Assessment</b>	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out?	No
<b>Other Background Documents - Equality Impact Assessment and Other Background documents available for inspection at:</b>	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None

# SOUTHAMPTON CITY COUNCIL

# OVERVIEW & SCRUTINY

# ANNUAL REPORT 2023/24



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# Chair's Introduction

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## **Councillor Blackman**

### **Chair of the Overview and Scrutiny Management Committee – (OSMC) 2023/24**

Reflecting the authority's budget pressures, in 2023/24 the scrutiny function has been challenged to play a key role in holding the Executive to account as it seeks to return the Council to a more sustainable financial position.

In addition to scrutinising the proposed creation of a new NHS provider trust and substantial variations in NHS provision locally, the Health Overview and Scrutiny Panel has responded by increasing oversight of the Adult Social Care transformation programme and has commenced quarterly monitoring of the performance of Adult Social Care services and budgets.

The Children and Families Scrutiny Panel has sought to consider service areas where demand has increased with a view to challenging existing practice and process. SEND, Home to School Transport, placement stability and safeguarding re-referrals have been the focus of scrutiny from the Panel in recognition that if the quality of practice improves it can reduce demand, saving the Council money and delivering better outcomes for children and young people in Southampton.

Whilst continuing to scrutinise key decisions of the Executive, including the use of the call-in powers on two occasions, the OSMC has in 2023/24 committed significant agenda time to scrutinising the Council's finances, including the request for exceptional financial support from the Government. This Committee retains a key role in monitoring the budgetary position of the Council, and, with the Governance Committee, provides a critical role in supporting good governance at the Council. This task is more important than ever given the Council's financial predicament.

The Scrutiny Inquiry Panel has undertaken a much-needed review of the private rented sector in Southampton. Concerns about affordability, conditions and security of tenure were expressed by tenants in attendance at the meetings and via the survey undertaken for the Panel. The report identifies a number of opportunities to deliver better outcomes for renters in Southampton, particularly around a more proactive approach to enforcement by the City Council. I look forward to reviewing the Cabinet response to the report in the coming months.

I am pleased to report that, despite the majority enjoyed by the current Administration, all scrutiny members continue to be willing to engage in the process by asking questions of decision makers who remain willing to listen and provide answers. This has been tested at times in 2023/24, particularly when the OSMC considered the proposed closure of Holcroft House in front of a packed and impassioned Council Chamber. As it was stated in last year's report, such occasions continue to demonstrate the relevance of scrutiny and it remains a vital ingredient in local democracy that must be supported and valued.

I am grateful to members of the various scrutiny panels for their dedication and input throughout the year. I am also grateful to the local groups, national organisations, and individuals who have attended meetings, either in person or virtually, and provided evidence for elected members to consider. I am also appreciative of the continued support from council officers and Cabinet Members to effective scrutiny in Southampton. Long may this continue.

# The Purpose and Functions of Overview & Scrutiny

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## Decision making context

The Full Council of 51 councillors approves the policy framework which sets out the key policies and programmes for the main services provided by the Council. In February or March each year Council meets to set the Council Tax for the following year.

The Executive make decisions relating to services provided by the Council, except for those matters which are reserved for decision by full Council, and planning and licensing matters which are dealt with by specialist regulatory panels. The Executive is made up of a Leader, elected by Council, and their appointed Cabinet Members.

The Scrutiny function helps to inform the decision making process and improve the way the Council works. Scrutineers assess what impact the Executive's policies and plans will have on the city and its residents.

Scrutiny is a process for:

- Holding the Cabinet, chief officers and senior members of staff to account for the discharge of its functions by examining, challenging and, if necessary, requesting changes to executive decisions made but not yet implemented.
- Scrutinising and reviewing policies and practices within a cross-service remit, assisting in the development of such policies and practices and scrutinising policy outcomes – e.g. the implementation of strategic priorities.
- Reviewing decisions and policies made by the Executive and considering whether they are right for the city.
- Assessing the council's performance against its planned targets and monitoring critical success factors.
- Reviewing the work of other partnerships and public sector organisations in the city, particularly the Safe City Partnership and health providers and commissioners.
- Championing issues of local concern to residents and contributing to policy development and service improvement.

## Overview & Scrutiny Management Committee (OSMC)

The OSMC is a parent committee that manages the overview and scrutiny process and meets on a monthly basis. The membership of the OSMC is appointed for the municipal year at the Annual Council meeting in May.

There are a number of Scrutiny Panels that support the work of the Executive and the council as a whole. The Scrutiny Inquiry Panel carries out a work programme of scrutiny inquiries approved by the OSMC. These arrangements allow citizens to have a greater say in council matters by holding public inquiries into matters of local concern. These member led inquiries lead to reports and recommendations which advise the Executive and the council as a whole on its policies, budget and service delivery.

In addition the Health Overview and Scrutiny Panel undertakes the statutory scrutiny of health and adult social care agencies in Southampton, and the Children and Families Scrutiny Panel scrutinises services for children and families in the city, including education.

The OSMC also monitors the decisions of the Executive and can 'Call-In' a decision which has been made by the Executive but not yet implemented. This enables them to consider whether the decision is appropriate.

## Councillor Call for Action

Enables all councillors to refer single ward issues, or 'local government matters', to the OSMC.

## Scrutiny Panels 2023/24

- Health Overview and Scrutiny Panel
- Children and Families Scrutiny Panel
- How do we get a better deal for private sector renters in Southampton? - Scrutiny Inquiry Panel

# Overview and Scrutiny Management Committee

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**Councillor Blackman**

**Chair of the Overview & Scrutiny Management Committee (OSMC) - 2023/24**

## **Committee Members (March 2024)**

Councillor Moulton (Vice-Chair)

Councillor Evemy

Councillor Y Frampton

Councillor Galton

Councillor Lambert

Councillor Leggett

Councillor Dr Paffey

Councillor Quadir

## **Appointed Members – Church Representatives**

Mrs Catherine Hobbs

Mr Rob Sanders

Due to a number of special meetings and call-ins there were a record number of meetings of the Committee this year. The membership of the Committee was also noteworthy as, for the first time, members of the Administration comprised a majority on the Scrutiny Committee. Whilst this at times represented a challenge for opposition members it did not prevent the Committee from undertaking the essential role of the "critical friend" to the decision makers within the council and our local partners.

## **Council finances**

As expected, given the extent of the Council's financial challenges, scrutiny of expenditure, the medium-term financial strategy, transformation activity and savings proposals all featured regularly on Committee agendas in 2023/24. The OSMC committed to overseeing the quarterly financial outturns, and held special meetings, at times in confidential sessions, to scrutinise and understand the Executive's approach to balancing the budget in 2023/24 and future years.

Moving forward it is imperative that the Committee continues to hold the Executive to account as it works to reduce the considerable structural deficit that remains within the budget. Reflecting this, and the timescales involved, the focus of the Committee next year must be on challenging the implementation of the agreed savings proposals; delivery of the asset development and disposal programme; and the development and implementation of the transformation plan that is vital if residents are to receive acceptable services at a cost that the city can afford.

## **Holcroft House**

On three occasions in 2023/24, culminating in a call-in, the Committee considered the future of Holcroft House, a 34-bedroom residential home providing short and long term care for adults living with dementia.

At each meeting at which the future of Holcroft House was considered numerous relatives, carers, staff and advocates were in attendance and spoke passionately on this emotive subject. The Committee raised issues relating to the works required to Holcroft House, engagement with stakeholders and effectively supporting the movement of residents between care homes. However, following the Cabinet decision to close the residential home, the Committee were informed that all residents had been relocated and the building closed on 12<sup>th</sup> December 2023.



## **Portswood Broadway**

Following lively discussions on the issue in 2022/23, the Committees second call-in of the year related to proposals for a trial of a part time bus gate / motor vehicle restriction on Portswood Broadway, with measures to limit the impact on adjacent streets via an Active Travel Zone.

Once again residents and business operators attended the meetings in significant numbers to express their views and to raise concerns about the proposals that had been amended from the original scheme. As with the Holcroft House call-in, the Committee decided not to refer the decision back to Cabinet for reconsideration but noted concerns related to disabled access and agreed that the issue should return to the Committee at the conclusion of the trial bus gate to enable the OSMC to review the results and to consider the effectiveness of the proposed Active Travel Zone.

## **Household Waste**

Whilst the Council's financial challenges and forward plan items occupied the majority of OSMC agendas this year, the Committee was still able to respond to issues that could not be foreseen as work programmes were planned.

Whilst scrutiny of the performance of Council services was limited in 2023/24, the exception, in response to significant disruption following changes to working practices, was the March 2024 discussion on household waste collection services.



The Committee were informed that the Council is working to resolve the current situation, clear backlogs and excess waste but raised concerns about the accuracy of the data being utilised to measure missed collections, the ability to report missed bins and the ramifications this dispute has for future transformation activity the Council must deliver in 2024/25 to balance budgets.

## **Strategies and Policies**

Besides the Medium-Term Financial Strategy, the Committee had the opportunity to contribute to a number of Council policies and strategies in 2023/24. This included the Green Infrastructure Strategy, the Biodiversity Strategy, the Climate Change Strategy, the Adult Social Care Charging Policy, the Housing Allocations Policy and the Homelessness and Rough Sleeping Strategy.

To enable scrutiny to become key consultees, and to influence the Council's approach, OSMC continued to engage with the draft documents at an earlier stage in the process. This has allowed for more open discussions and the opportunity for stakeholders to attend meetings to advocate for specific actions.

## **Key issues for 2024/25**

As noted, I expect the Committee to continue to have regular and challenging discussions with Executive on the financial sustainability of the Council next municipal year. This remains the most pressing issue facing the Authority and requires the full attention of the scrutiny function.

Looking ahead, I would like to see Committee regularly holding the Executive to account for the delivery of objectives outlined in the Corporate Plan. The publication of Council wide performance data that can be scrutinised by the OSMC remains haphazard and echoing last year's report, this reflects badly on the Council and cannot be regarded as good practice.



# Health Overview and Scrutiny Panel

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**Councillor Payne**

**Chair of the Health Overview & Scrutiny Panel – 2023/24**

**Panel Members (May 2023 - April 2024)**

Councillor Houghton (Vice-Chair)

Councillor Kenny

Councillor Allen

Councillor Noon

Councillor Cox (Jan 2024 – now)

Councillor Wood

Councillor Finn (May 2023 – Dec 2023)

Growing demand and financial challenges, resulting in the need to transform and redesign health and care services, provided the common thread to HOSP agendas in 2023/24. Proposals presented to the Panel will see Trusts merging, new hospitals proposed, and mobile provision being employed to meet the needs of the population. Members have sought to consider each of these developments through the prism of the health outcomes in Southampton and the inequalities that remain prominent across the city.

## **The redesign of inpatient Older Persons Mental Health Services (OPMH)**

In June and October 2023, the Panel reviewed proposals to redesign OPMH services at Western Community Hospital. Whilst members were encouraged by the planned upgrade of the facilities to meet the needs of older people with a functional illness, the Panel expressed concerns about the loss of the organic dementia ward from the city, recognising the value of the amenity and the expected increase in demand for dementia services moving forward.

Following informed consideration of the issues, the Panel reserved the right to review the implementation and the impact of the proposals at a future meeting, especially if the transport support which has been promised does not prove to meet the expectations and needs of patients and their loved ones.

## **Proposed changes to acute hospital services in Hampshire**



In 2023/24 the Hampshire and Isle of Wight Integrated Care Board (ICB) consulted on proposals to build a brand-new specialist acute hospital on either the existing Basingstoke and North Hampshire Hospital site, or at a new location near Junction 7 of the M3. Under the proposals Royal Hampshire County Hospital in Winchester would see its A&E department downgraded to a doctor-led urgent treatment centre and would focus primarily on planned operations and procedures.

In recognition of the potential increase in usage of Southampton General Hospital because of the proposals, the Panel invited representatives from the ICB, Hampshire Hospitals Foundation Trust and University Hospital Southampton (UHS) to attend a meeting in February 2024. The Panel were encouraged by the involvement of UHS in the process but would not comment formally on a preferred option until the impact on health services in the city is better understood.

## **Project Fusion**

The Panel has continued to oversee Project Fusion, the programme of work to create a single new NHS Trust to provide community, mental health and learning disability services across Hampshire and the Isle of Wight. The full merger has been postponed until 1<sup>st</sup> July 2024, but the Panel remains focused on seeking assurance that when the newly formed NHS Foundation Trust is launched, the

Southampton local operating system will have the flexibility and financial protections required to deliver high quality services that meet the needs of the residents of Southampton.

### Adult Social Care (ASC) – Performance and transformation

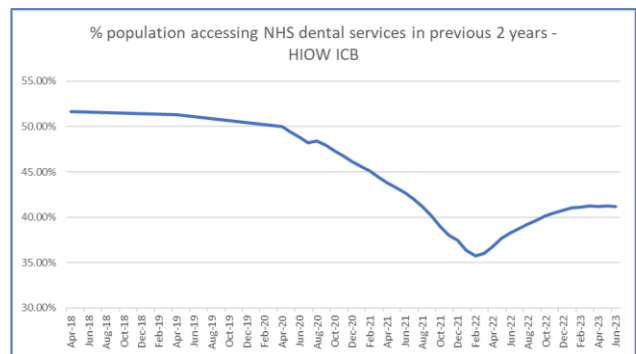
Understandably, given the increasing complexity and demand for services and the requirement to transform provision to generate improved outcomes and significant financial savings, scrutiny of adult social care has been a vital issue for the Panel this year.

Following the approach adopted by the Children and Families Scrutiny Panel, members have committed to reviewing performance information on a quarterly basis and, subject to the quality of the dataset, utilise the indicators to hold decision-makers to account.

Performance is being scrutinised alongside transformation activity to better understand the progress being made and the impact on adults requiring social care support and what improvements can be delivered. Foundations have been laid to deliver better outcomes through the ‘Ambitious Futures’ transformation programme at a cost more in line with our statistical comparators. However, the Panel is keen to see the speed of the improvements increase to modernise our working practices to ensure the Council is providing the right care at the right time. This will enable the authority to manage demand more effectively, modernise, and reduce costs, resulting in better and more sustainable services.

### NHS Dentistry

Access to dental services provided by the NHS continues to be a challenge nationally and locally. In Southampton, whilst access to NHS dental services care is improving there are several on-going issues which have been compounded by workforce challenges. Dental practices have found it difficult to maintain their workforce to deliver NHS services. Many dentists opt to work fewer days on the NHS to focus more of their time on private work and in some cases, dentists are either leaving the NHS or deciding not to join at the start of their career.



Additional capacity has been procured in Southampton and the ICB has identified extra resources across Hampshire and Isle of Wight for several short-term initiatives, including the launch of a new mobile dental service to provide care for people experiencing health inequalities. The success of these initiatives, and the wider issue of oral health, will be the subject of further scrutiny in 2024/25.

### Key issues for 2024/25

Agenda planning has enabled consideration by the Panel in 2023/24 of each of the key components of the health and care system in Southampton – Primary care, mental health services, acute services, community services, dental care, adult social care, and public health. Unfortunately, the Ambulance Service was unable to attend when requested and this, given the critical CQC inspection in 2022, will be a priority for the next municipal year.

Reflecting the pressures identified, adult social care is likely to remain a major issue for the Panel. Other potential topics include water quality and supply, and how the funding awarded to Southampton through the Health Determinants Research Collaboration can be utilised to improve understanding of how decisions impact on health and inequalities, helping to inform decisions going forward.

# Children and Families Scrutiny Panel



**Councillors A Bunday / Barnes-Andrews**

**Chairs of the Children & Families Scrutiny Panel – 2023/24**

## **Panel Members (March 2024)**

Councillor Lambert (Vice-Chair)

Councillor J Baillie

Councillor Chapman

Councillor Cox

Councillor Mintoff

Councillor Webb

## **Church Representatives**

Mrs Catherine Hobbs

Mr Rob Sanders

At the start of the municipal year Ofsted provided Children’s Services, the Council, and the city with a much-needed boost by recognising the substantial improvements to services for children and families in Southampton since 2019. In rating the Council’s Children’s Services good, with outstanding leadership, the regulator noted that the: *‘Impressive strategic and operational leadership, aligned with corporate and political commitment, has provided a clear vision, ambition and energy which has garnered the confidence and commitment of key partners. There is a collective momentum to continue to improve services and outcomes for children across the city.’*

In 2023/24, reflecting the feedback from Ofsted, the Panel has sought to challenge services to maintain the momentum and to work with partners to translate improved processes into outcomes that will benefit our children and deliver a safer, stronger, healthier, and more prosperous city.

## **Quality of practice**

The Panel continues to use performance data to scrutinise children’s services in Southampton. This detailed analysis of monthly data remains pivotal to holding services to account for the outcomes experienced by vulnerable children and young people across the city and helps to identify areas where additional focus is required.



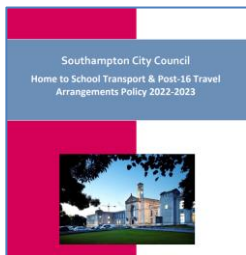
Despite a reduction in temporary staff and a comprehensive training programme being embedded, the monthly performance report informed the Panel that the quality of practice delivered by Children’s Services was not providing consistent, high-quality services. Following probing by the Panel the Executive Director informed members that by the Autumn an improvement in the quality of practice would be evident. The Panel scrutinised this measure at each meeting and were reassured to see that by October 2023, 59.3% of audits undertaken rated quality of practice as good with 33.3% rated as requiring improvement. This improvement is encouraging and needs to be maintained as improving quality of practice is fundamental to reducing demand, reducing re-referrals into safeguarding services and lowering the cost of services provided.

## **Placement stability**

As referenced in last year’s report, placement stability is recognised to be a key factor in enabling positive outcomes for Looked After Children. For this reason, and the financial benefits to the Council, the Panel continued to champion the development of new children’s homes in Southampton to enable more of our looked after children to be accommodated in the city. Progress delivering this corporate priority will continue to be monitored by the Panel in the next municipal year.

## Special Education Needs and Disabilities (SEND) and Home to School Transport

The increasing number of SEND children in Southampton, and the challenges associated with providing sufficient SEND places in schools within the city, and transporting children with SEND to school, was the focus of discussion by the Panel in November 2023.



The Panel welcomed the new School Travel Service Policy and the ambitious programme to expand SEND provision in the city. Nationally, both of these issues are placing significant additional financial pressures on local authorities, and Southampton is no exception. Delaying the provision of suitable SEND places in the city risks increasing the costs associated with out of city placements but value for money must be achieved given the scale of the investment proposed.

## Post 16, elective home education, school attendance and NEETS

Two meetings of the Panel were employed to consider the growing challenges impacting upon education outcomes in the city. The customary meeting in September to consider educational attainment also included discussions on elective home education, where the number of children educated outside of the school system continues to rise, school attendance, where the rate of overall absence remains above national comparators, and NEETS (not in education, employment or training), where Southampton has a higher rate than our statistical neighbours.

The January 2024 meeting revisited an issue that used to be, given attainment levels, an annual event. Principals and Headteachers of the providers of post 16 education in the city were in attendance to discuss further education provision and performance in Southampton. The Panel recommended that providers in the city worked collaboratively to develop a strategy with the objective of attracting more Southampton students to remain in the city for post 16 study. It is anticipated that Principals and Headteachers will be invited to attend a meeting of the Panel next year to discuss attainment levels as well as progress against the members recommendation.

## Youth Justice Services

Due to concerns about the levels of youth-on-youth violence in the city over the past year, the Panel invited representatives from Children's Services and Hampshire Constabulary to attend a meeting to discuss the performance of Youth Justice Services in Southampton. The Panel were encouraged about positive feedback from His Majesty's Inspectorate of Probation Services on a recent visit but, reflecting poor performance relating to children in custody, education outcomes and serious youth violence, the Panel requested that the item returns to a future agenda to review progress.

## Key issues for 2024/25

Whilst the Panel will continue to have oversight of safeguarding services, following the assurance provided by Ofsted on the direction of travel for safeguarding services in the city, the Panel should seek to focus attention on areas where risk remains high, and outcomes need to improve.

Expectations are that, with concerns about early years provision, attainment, attendance, SEND, elective home education, and Post 16 provision, education issues will feature more prominently next year. The Panel will also need to have regular discussions with the Cabinet Member and Senior Leadership Team on the services transformation programme, particularly the Family Safeguarding Model. Delivery of the transformation programme, and agreed savings proposals are fundamental to the service's ability to meet the challenging budgets set for 2024/25 and beyond.

Next year the Panel should also challenge the service to improve outcomes for children in Southampton. This year performance has stabilised and, in some areas, improved. The expectation must be that next year performance will improve at speed across a range of outcomes.

# Scrutiny Inquiry Panel



**Councillor Windle**

**Chair of the Scrutiny Inquiry Panel – 2023/24**

## Panel Members (March 2024)

Councillor Evemy (Vice-Chair)

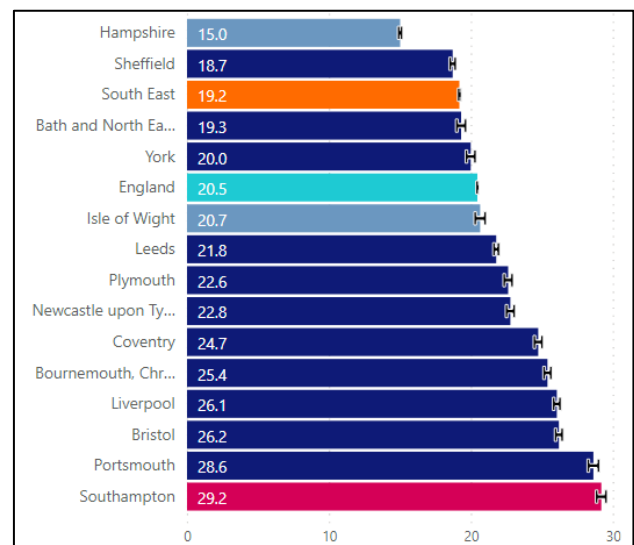
Councillor Blackman

Councillor McEwing

Councillor Powell-Vaughan

In Southampton the private rented sector accommodates a significantly higher percentage of households than the national average. Data from the 2021 Census identified that 29.2% of Southampton’s households lived in private rented sector accommodation. This is the highest out of Southampton’s comparator cities and has increased from 24.9% in 2011.

In June 2022 the Government published ‘A Fairer Private Rented Sector’ White Paper. In the foreword to the report, the Secretary of State for Levelling Up, Housing and Communities, the Rt Hon Michael Gove MP, stated that: *‘Everyone has a right to a decent home. No one should be condemned to live in properties that are inadequately heated, unsafe, or unhealthy. Yet more than 2.8 million of our fellow citizens are paying to live in homes that are not fit for the 21st century.... The reality today is that far too many renters are living in damp, dangerous, cold homes, powerless to put things right, and with the threat of sudden eviction hanging over them.’*



Tenure of household – Private rented percentage of households, Southampton and ONS Comparators: Census 2021

Given the importance of the private rented sector in Southampton; concerns about housing conditions and affordability; impending new legislation and inconsistencies in approaches adopted by councils enforcing existing regulations, the OSMC recommended at the September 2023 meeting, that an inquiry focussing on getting a better deal for private sector renters in Southampton be undertaken by the Scrutiny Inquiry Panel.

## Consultation

The Scrutiny Inquiry Panel undertook the inquiry over 4 evidence gathering meetings. The Panel received information from a wide variety of organisations including Generation Rent, Southampton Tenants Union, iHOWZ Landlords Association, The National Residential Landlords Association (NRLA), Bristol City Council, London Borough of Newham, the Environment Centre, Citizen’s Advice Southampton, the University of Southampton, Southampton Solent University and officers from Southampton City Council.

## Findings and conclusions

Information presented to the Inquiry Panel identified that:

- As rents in Southampton continue to rise, without accompanying improvements to housing quality, and the supply of rental properties tightens, access and affordability continues to be a serious challenge for renters in the city.



- Nationally the private rented sector offers the most expensive, least secure, and lowest quality housing relative to other tenures. The problems associated with the private rented sector nationally are equally, if not more, prominent in Southampton.
- There are, however, positive developments that can give renters hope. The Renters (Reform) Bill that is being debated in Parliament presents a genuine opportunity to address a number of the challenges experienced by renters in Southampton:
  - The proposed abolition of Section 21, and the transition from assured shorthold tenancies to periodic tenancies should increase security of tenure for renters.
  - The proposals to limit rent increases to once a year, increase the minimum notice landlords must give of a rent increase, and end the use of rent review clauses in tenancy agreements should ensure that rent increases become more predictable.
  - Applying the Decent Homes Standard to the private rented sector, the Property Portal, Property Ombudsman and providing local councils with stronger enforcement powers can help work towards meeting the target of reducing the number of non-decent rented homes by 50% by 2030.
- A number of the desired improvements are however predicated on actions delivered in Southampton by the City Council and partners. Fundamentally, the cost of renting is dependent on a number of demand and supply factors:
  - By increasing the supply of houses, particularly social and affordable housing, it can help to help improve housing affordability, particularly for low-income households.
  - By working effectively with landlords & tenants to prevent evictions it can aid stability.
  - By developing a more proactive approach to enforcement it can improve housing conditions and standards for tenants in Southampton.
- These actions are not a quick fix and require investment and commitment from the Council. However, as explained by the Expert Advisers to the Panel, the advantages of the approach described above will result in better outcomes for tenants, the Council and the city.

## Recommendations

The final report, approved by the Panel on 18<sup>th</sup> April, contains 10 recommendations in total which, if fully implemented, the Panel believe will contribute to getting a better deal for private sector renters in Southampton.

The recommendations reflect key issues presented during the inquiry relating to:

- The affordability of renting in Southampton's private rented sector
- Security and stability in the private rented sector
- Housing conditions in the private rented sector in Southampton
- Enforcement of private rented sector housing regulations.



## Cabinet

The inquiry report is scheduled to be presented to the OSMC and Cabinet in June 2024. A formal response from the Executive to the recommendations is expected to be considered by Cabinet in the summer.

The final report of the Inquiry Panel can be accessed here:

[How do we get a better deal for private sector renters in Southampton? - Final Report](#)

# Getting Involved

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## How can I get involved?

There are a number of ways in which the public and interested organisations can get involved:

- **Attend a meeting of the Overview & Scrutiny Management Committee or a Scrutiny Panel**

Scrutiny meetings are held in public and anyone is welcome to attend to listen to proceedings. Meetings are currently usually held in the Civic Centre. Only on rare occasions, when certain types of confidential information is being discussed, are members of the public not allowed to attend. A number of scrutiny meetings are also live streamed on the Council's website.

- **Raise issues with your Councillor and request Overview and Scrutiny to consider as part of Councillor Call for Action.**
- **Provide written evidence to a scrutiny inquiry**

Scrutiny inquiries can consider written evidence and members of the public, community groups, or other key stakeholders can write in to bring evidence to the attention of Inquiry Panel members. Inevitably, scrutiny inquiries have only a limited amount of time so they may not be able to hear oral testimony from all interested people.

Written evidence provides an alternative way to receive evidence from key stakeholders, policy makers, service providers, service users and community groups. Written evidence may put forward a particular perspective of the issue being considered, or may highlight evidence to help the investigation. It can also put forward questions for witnesses which may be taken up by members of the Panel during the discussion.

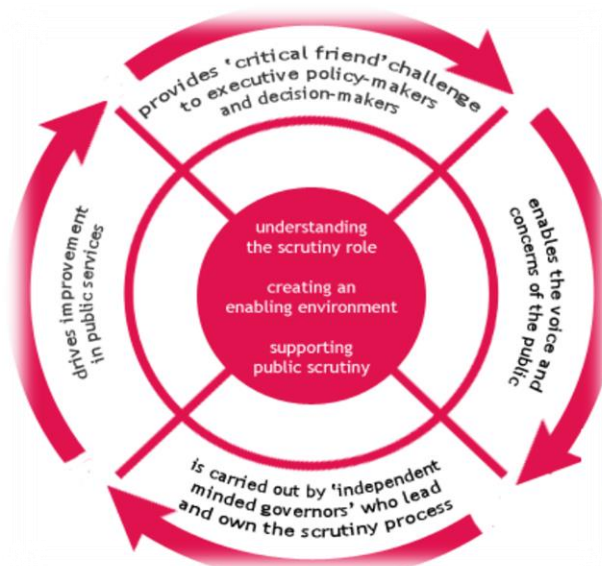
**Address:** Democratic Services – Municipal, Floor 1, Civic Centre

**Email:** [mark.pirnie@southampton.gov.uk](mailto:mark.pirnie@southampton.gov.uk)

**Telephone:** 023 8083 3886

Details of forthcoming scrutiny meetings, agendas, reports and minutes can be obtained from the City Council's website at: [Scrutiny at Southampton](#)

**The 4 Principles of Effective Scrutiny**



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<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	OVERVIEW AND SCRUTINY: SUMMARY OF CALL-IN ACTIVITY		
<b>DATE OF DECISION:</b>	15 MAY 2024		
<b>REPORT OF:</b>	SCRUTINY MANAGER		
<b><u>CONTACT DETAILS</u></b>			
<b>Executive Director</b>	<b>Title</b>	<b>Executive Director – Enabling Services</b>	
	<b>Name:</b>	<b>Mel Creighton</b>	<b>Tel: 023 8083 3528</b>
	<b>E-mail</b>	<b>Mel.creighton@southampton.gov.uk</b>	
<b>Author:</b>	<b>Title</b>	<b>Scrutiny Manager</b>	
	<b>Name:</b>	<b>Mark Pirnie</b>	<b>Tel: 023 8083 3886</b>
	<b>E-mail</b>	<b>Mark.pirnie@southampton.gov.uk</b>	
<b>STATEMENT OF CONFIDENTIALITY</b>			
None			
<b>BRIEF SUMMARY</b>			
This report provides the Council with a summary of the use of the Call-in procedure since the previous update in November 2023.			
<b>RECOMMENDATIONS:</b>			
	(i)	That the report be noted.	
<b>REASONS FOR REPORT RECOMMENDATIONS</b>			
1.	The Council’s Constitution requires the use of Call-in to be reported to Council.		
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>			
2.	Not applicable.		
<b>DETAIL (Including consultation carried out)</b>			
3.	One executive decision has been called-in by the Overview and Scrutiny Management Committee (OSMC) since the previous update to Council on 15 November 2023. The details of the Call-in, and the outcomes resulting from the Call-In meeting, are summarised in this report.		
	<b>Called-in Decision: CAB 23/24 43623 – Portswood Broadway Next Steps</b>		
4.	<b>Reasons given for the Call-in:</b> <ul style="list-style-type: none"> <li>• Lack of adequate consideration, and misrepresentation of the findings from the consultation undertaken by the Council.</li> <li>• Information that would help to inform the decision relating to current pollution levels and bus delays caused by traffic on Portswood Broadway has not been provided.</li> </ul>		

	<ul style="list-style-type: none"> <li>• Concern with regards to disabled access to Portswood Broadway, particularly the chemist.</li> <li>• Concern that changes to the proposals agreed at Cabinet limit the ability to deliver the objectives set for the Portswood Broadway Project.</li> <li>• Lack of clarity in respect of the timetable for the trial and subsequent next steps, and the success criteria to be employed for the bus gate trial.</li> </ul>
	<b>Recommendations from the Call-in meeting</b>
5.	<p>The OSMC considered the item at a meeting on 1 February 2024. Following the discussion, the Committee did not recommend that the decision be reconsidered by Cabinet, thereby enabling the decision to be implemented without delay. The Committee did however make the following recommendations:</p> <p>(i) That the co-design process planned for Portswood Broadway includes a specific focus on mitigating the concerns raised by residents about disabled access to local amenities.</p> <p>(ii) That the issue returns to the Committee at the conclusion of the trial bus gate to enable the OSMC to review the results and to consider the effectiveness of the proposed Active Travel Zone.</p>
6.	The Executive's response to the recommendations was published with the 14 March 2024 OSMC agenda.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
7.	None.
<b><u>Property/Other</u></b>	
8.	None.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
9.	The duty to undertake overview and scrutiny is set out in Part 1A Section 9 of the Local Government Act 2000.
<b><u>Other Legal Implications:</u></b>	
10.	None
<b>RISK MANAGEMENT IMPLICATIONS</b>	
11.	None.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
12.	None
<b>KEY DECISION</b>	No

<b>WARDS/COMMUNITIES AFFECTED:</b>	None directly as a result of this report	
<b><u>SUPPORTING DOCUMENTATION</u></b>		
<b>Appendices</b>		
1.	None	
<b>Documents In Members' Rooms</b>		
1.	None	
<b>Equality Impact Assessment</b>		
Do the implications/subject of the report require an Equality and Safety Impact Assessments (ESIA) to be carried out?		No
<b>Data Protection Impact Assessment</b>		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out?		No
<b>Other Background Documents</b>		
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.	None	

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