Agenda Item	19
Report No	HC/58/19

HIGHLAND COUNCIL

Date: **31 October 2019**

Report Title: **Governance Review**

Report By: **The Chief Executive**

1.   **Purpose/Executive Summary**

1.1   The following report makes a number of recommendations for the next phase of the Governance Review, informed by the outcomes of the Members seminar on 24 October.   The primary focus for this phase is the establishment of the Strategic Committee structure and the development of new arrangements for Boards, sub committees and working groups.   Further recommendations regarding detailed committee remits, the sub-committee structure and area committee arrangements will come to Council in December 2019.   Work will need to commence immediately to develop these proposals and this will be taken forward with the Governance Review Steering Group and the wider membership of the Council in the intervening period.

1.2   In addition, Members are asked to consider a change in the way that reports are currently distributed.

2.   **Recommendations**

2.1   Members are asked to note the progress made by the Review to date and agree:

(i)   The establishment of the following 6 Strategic Committees:
    1.   Corporate Resources
    2.   Education
    3.   Housing and Property

	4.	Economy and Infrastructure
	5.	Health, Care & Wellbeing
	6.	Communities and Places

(ii)   The new Committee arrangements will come into force in January 2020;

(iii)   Membership of Strategic Committees will be changed to 18;

(iv)   Further work will be undertaken to standardise the naming and operation of Boards, sub committees and working groups and brought back for further Member consideration;

(v)   A new Board will be established to take the place of the Redesign Board and Commercial Board, combining the best features of both with refreshed membership;

(vi)   The name of the Gaelic Strategy and Implementation Group to be changed to the Gaelic Committee;

(vii)   Hard copy committee papers will be provided for Members of the requisite committees and for all Members in the case of Council, in addition to being available online. An opt-out option will be available. Papers will not be posted;

(viii) The detailed remits of the Strategic Committees will be brought forward for approval to the December Council meeting as part of the Reviewed Scheme of Delegation. Members will continue to have the opportunity feed into the development of these over the intervening period;

(ix)   Discussions will continue to be held with the Members of the Ross and Cromarty Committee regarding their local committee structure/s, with the aim to bring recommendations forward for approval by Council in December;

(x)   The Council will commit to undertaking CIPFA accreditation, the costs of the first phase to be met within existing budgets.

3.   Implications

3.1   Resource Implications:

As previously reported to Council, an increase in the number of committees at a strategic or a local level will have resource implications and the new arrangements will not be able to be fully supported within existing budgets. However, until there is greater clarity around the number of formal boards, sub-committees and working groups that sit beneath the Strategic Committee structure, as well as certainty

around any changes to area committees, it is not possible to provide a definitive assessment of any additional staffing required. Nevertheless there will be benefits to the Council from investing in Democratic Services by enhancing governance arrangements and enabling financial and non-financial benefits to be delivered by supporting improved scrutiny, financial management and monitoring.

Pursuing CIPFA accreditation will improve the Council's financial management capability and deliver enhanced financial stability, performance, scrutiny & assurance. The initial costs can be met from existing budgets.

3.2   Legal: The approach set out in this report will support the Council to meet its legal duty to secure Best Value and continuous improvement and to enhance the Council's governance arrangements.

3.3   Community (Equality, Poverty and Rural): the establishment of the Communities and Places Committee illustrates the priority and profile being given to the development of the Council's Place-Based Strategy to place communities at the heart of service design and delivery.

3.4   Climate Change / Carbon Clever: There are no implications arising from the recommendations in this report.

3.5   Risk: the recommendations arising from the Review should have a positive impact on risk because of the focus on improved scrutiny, oversight, control and assurance.

3.6   Gaelic: There is a recommendation to change the name of the Gaelic Strategy and Implementation Group to the Gaelic Committee.

4.   **Background and Summary**

4.1   Discussions about refreshing the Council's Governance arrangements have been ongoing since the beginning of the year. Over this time there have been 3 Members' seminars; discussions at an area committee level across Highland; and 3 reports to Council as well as fortnightly meetings of the Governance Review Steering Group. New arrangements have been agreed and established for Audit and Scrutiny Committee, a new Members' training and development programme has been approved for roll out early in the New Year; and a number of changes have been agreed to Standing Orders.

4.2 The purpose of this report is to make recommendations for the Council's Strategic Committee structure. These recommendations reflect all of the discussions held to date and the emerging consensus about the number, membership and broad remits of Strategic Committees. It will be necessary to reach formal agreement on the new committee structure prior to consideration of the timetable of meetings for 2020, included later on the Council agenda. The detailed remits of each committee will come to Council for approval in December in the Review of the Scheme of Delegation.

4.3 This report also takes the opportunity to seek Member approval for a number of additional proposals relating to the establishment of Boards, sub committees and working groups, and to the issuing of Council and Committee papers, where it has already been possible to reach informal Member agreement on these matters.

5. Strategic Committee structure

5.1 A strong theme to emerge from the very first Members seminar in January 2019 was the widely expressed view that the current committee remits were too large. The Environment, Development and Infrastructure Committee and the Care, Learning and Housing Committee in particular were highlighted with agreement that Education needed to have a dedicated committee. There was less certainty about how to separate out the rest of the committee remits and so that has been looked at in detail by the Governance Review Steering Group and shared with Members for further discussion at subsequent seminars.

5.2 Members are today asked to agree the formation of the following 6 Strategic Committees:

1. Corporate Resources
2. Education
3. Housing and Property
4. Economy and Infrastructure
5. Health, Care & Wellbeing
6. Communities and Places

5.3 Members are not being asked to agree the detailed remits of the Strategic Committees at this time. This will be the subject of the Review of the Scheme of Delegation which will be brought to Council in December. In the intervening period, it is intended to hold

a seminar where Members will be able to discuss both the detailed remits of the new Committees as well as the development of the new Executive Chief Officer responsibilities to ensure a coherency between the two. There is no need for these to match completely as the Council's governance arrangements need to have a rationale and robustness in their own right, without the need to continually switch and change to reflect staffing arrangements. Nevertheless, there needs to be a clear rationale for the remits of both and the interrelationships between the two need to be recognised and supported.

5.3   Committee names and high level remits

5.3.1 There has been a good amount of consensus around the naming and broad split of the first 4 Committees listed above and so it is hoped that Members will be able to agree to these with little or no further debate.

5.3.2 Health, Care and Wellbeing Committee: There was some debate about the name of the 5th Committee with regard to whether it should contain the word 'Wellbeing', especially as there was broad support for the establishment of a Wellbeing Joint Sub-Committee involving members from all relevant Strategic Committees which arguably made it illogical to have it in the title of only one of the Strategic Committees. However, some Members felt very strongly that this should be included in the Strategic Committee name on the basis that it demonstrated which Strategic Committee had the lead responsibility for wellbeing, whilst still enabling this to be taken forward on a cross-cutting basis at sub-committee level. There was also some debate about whether 'Social Care' rather than just 'Care' should be in the name, but there was a strong view expressed that the latter term was more inclusive whilst still conveying the social care element of the remit. The proposed name therefore attempts to reflect the majority view expressed at the seminar.

5.3.3 Communities and Places Committee: There was a degree of uncertainty amongst some Members about what the remit of this committee was meant to be and, as a consequence, how to name it effectively. This was in part due to seeking further clarity about how the functions currently delivered by Community Services and Development and Infrastructure Service are to be established under the new Executive Chief Officer arrangements. It was also partly because the outline remits circulated at the seminar

simply set out proposals for how the current Scheme of Delegation would be re-distributed amongst the new committees and so failed to articulate clearly enough that this committee would also have oversight of the development and implementation of localism and place-based service design, which is not really covered in the current Scheme of Delegation.

5.3.4 Including reference to this in the title of the Committee is intended to signal the priority and profile being given to the development of the Council's Place-Based Strategy to place communities at the heart of service design and delivery. Building on the work already underway to disaggregate budgets and provide local committees with flexibility around the deployment of financial and staffing resources, this approach will provide the much needed linkages between strategy, policy and the local workforce charged with the service delivery on the ground. It will therefore be this Committee where Members will be able to exercise governance and scrutiny of this important policy. This Committee would also have strategic oversight of community engagement and community planning arrangements.

5.3.5 Agreeing to the committee name at this stage will not tie Members' hands in terms of how the detailed remits will be determined and it is understood that there is a need to provide a further opportunity to discuss how these interrelationships will work. It is consequently hoped that Members will have agreed the recommendation for a further seminar to be held in November, made in the earlier report to Council on Organisational Transformation and Transition.

5.4   Membership

It has been widely recognised that moving from 3 to 6 Committees could have implications in terms of Members being able to accommodate more meetings, especially if the membership remained at 25. Consequently, the proposal to reduce the number on each committee has been widely supported, particularly since this has already been successfully introduced for the Audit & Scrutiny Committee. At the Seminar on October 24th each of the Member Groups unanimously agreed to reduce the number to 18 members per Strategic Committee and this has therefore been brought forward as a formal recommendation for approval by Council.

6.   **Sub Committees, Working Groups and Boards**

6.1   There was widespread support for work to be done to standardise the nomenclature and terms of reference for the many groups currently operating under the Council and Strategic Committees and so work will commence on this with a view to bringing proposals to Council in December. It was also agreed that there should be regular reporting of the work of these groups with either a 6 monthly or annual report coming to Council. This would provide information on how long the group had been in operation, how many meetings had been held, the level of attendance and the outputs. This information will enable Members to consider whether each group is fulfilling the purpose for which it had been established and which Groups may need to be wound up so that Member and officer time and resources can be focused appropriately.

6.2   <u>Amalgamation of Boards: Commercial and Redesign</u>

6.2.1 Members at the seminar supported the proposal to bring together the best features of the Redesign Board and the Commercial Board to create a new Board to oversee the Council's Change Strategy. Recognising that the work of both Boards had the potential to overlap and wanting to make sure that officer and Members efforts were not duplicated, there was agreement that the new Board should focus on the 4 strands identified in the February report to Council 'A Sustainable Highland':

Making the Council More Efficient; Commercialisation and Income Generation; Redesign and Improvement; and A Flexible and Well Managed Workforce.

6.2.2 This would be underpinned by the ELT-led Change Programme Board to ensure that projects and initiatives agreed by the new Member Board are prioritised, resourced and delivered.

6.2.3 A name for the new Board has not yet been proposed and it is suggested that members of the Redesign Board and the Commercial Board are tasked with working together to come up with a name, outline remit and work plan and for this to come to the next meeting of the Council for approval. It is also proposed that Board will report to Council as a standing item on the agenda.

6.3   <u>Gaelic Strategy and Implementation Group – Change of Name</u>

It has been proposed by the Chair of the Gaelic Strategy and Implementation Group that the name should be changed to the Gaelic Committee as this is simpler and more appropriate to the role and purpose of the group. This suggestion was supported by

those attending at the seminar. The new name will not make it a strategic committee and it will still report to one of the new Strategic Committees, though which one is still to be determined. The Council is asked to approve this change.

6.4 There was also discussion at the seminar about the need for improved governance of the Council's partnership with the NHS and agreement that this needed to form a part of the Partnership Review currently underway. There will also be an opportunity to explore this further in the next Members seminar.

7. Area Governance

7.1 As previously communicated, there has been engagement with Ross and Cromarty Committee Members to discuss what changes they would support to the arrangements of wards into new local committee areas. At present, these have been inconclusive with a number of options being presented by the local Members each of which has varying degrees of support. However, all are agreed that the current arrangements need to change. There will continue to be discussion with local committee Members in the coming weeks to try and reach consensus so that a recommendation can be brought to Council in December. If a single view cannot be agreed upon locally it may be the case that the Council will be asked to consider a number of options.

8. Ways of Working

8.1 At the recent seminar Members were also asked to consider a number of options with regard to ways of working. In terms of accommodating the new Strategic Committee arrangements, Members were in agreement that they did not want more than one committee per day, nor did they want meetings to be scheduled for Mondays and Fridays. The Timetable of Meetings has consequently accommodated these wishes and is presented for Member approval later on the Council agenda.

8.2 Members were also asked to consider the current arrangements for distributing meeting papers. There was almost unanimous support for changing the current policy in favour of hard copy papers being provided to all Members for Council and to the relevant Committee Members in relation to specific Committees – and that these would only be available for collection, they would not be posted out. Individual Members could choose to opt out of this if they wanted to just access their papers electronically and further training will be available for any Member wanting to improve their ICT skills

to enable them to do this. Council and Committee agendas and reports will continue to be circulated electronically to all Members. Members are consequently asked to approve this policy change.

9.   Members Training and Development Programme update

9.1   Good progress is being made to develop the new training and development programme for Members. A dedicated Learning and Development Officer has been identified to lead on the programme development focusing on the priority training agreed at last Council. We are also working with the Improvement Service and other local authorities to improve the variety and quality of the elective training courses available to Members through the self-assessment process.

9.2   Joint officer/Member training materials and learning opportunities are being created for the new leadership, culture and behaviour development element of the Programme with a view to rolling this out to Members early in 2020.

9.3   Discussions are proceeding with CIPFA to design an approach for enhanced financial management, performance, scrutiny & assurance which will include a training and development component. An outline project plan has been drawn up which will work well alongside what we understand will be coming forward in the Best Value Audit Report in early December. The intention is for CIPFA to undertake a wide ranging evidence gathering exercise, including both officers and Members, in order to assess the Council's current financial management capability. From this they will develop a tailored plan designed to provide insight into financial management capability and financial resilience and ultimately to provide the basis for medium and longer term financial stability. This will lead to formal CIPA accredited status and an improvement plan for achieving sustained improvement and enhanced accreditation. Update reports will be brought to future Council meetings.

9.3.1 Resourcing: The cost for this is expected to be around £40,000. This can be met through existing combined resources of £20,000 from Corporate Resources 2019/20 revenue budget and £20,000 from the Change Funding already approved in June 2019 as part of PowerBI/Governance project. Members are asked to approve this expenditure.

9.3.2 Some elements of the improvement plan may require additional funding if

CIPFA's continued assistance is considered to be advantageous. However, it is not possible to tell at this time what might be required. Consequently, it may be that requests will come forward for the Change Fund in due course, at which point Members can decide whether or not to support requests on a case by case basis

9.   Implementation

9.1   Most Members at the seminar supported the introduction of the new Strategic Committees from the beginning of the 2020 calendar year – which is what was proposed in the implementation plan at June Council. Whilst it is acknowledged that this will be in advance of the new organisational arrangements coming into place in April, this should not pose a problem as the Executive Chief Officer remits and responsibilities will have been established and they will take responsibility for making sure the Committees are properly supported. It will still be possible to consider urgent items and anything with a legislative/regulatory requirement at the first round of meetings. However, as is usually the case, the main items of business for the first meetings will be largely procedural and so this allows for the committees to be properly established with office bearers and spokespeople in place, and training provided, in readiness for the new financial year.

9.2   HRA Rent Increases

The Housing and Property Committee will be able to consider HRA rent increases at its first meeting in January 2020, which means this can be ratified by Council in February 2020.

9.3   Revenue Monitoring

It will be necessary to continue to report revenue monitoring against the existing Service structure to allow Members to exercise scrutiny of budget expenditure and the delivery of Service savings. With Members' consent, this can be accommodated by having each of the detailed existing Service budget out-turns reported to Corporate Resources Committee in February 2020, alongside the corporate revenue monitoring position. This meeting is commonly the one where the last of the Service budgets is considered alongside the corporate position, and so will not constitute a delay in reporting the Quarter 3 position. There will also be opportunity for discussion in advance of this at the monthly Member budget briefings so Members will be fully

informed with regard to the current year's budget out-turn. The Section 95 Officer has confirmed that this arrangement complies with Financial Regulations and will ensure the Council's public reporting and scrutiny requirements are fulfilled.

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