

## REPORT OF THE CLERK

# CONSTITUTIONAL ISSUES

## 1 Purpose of Report

This report proposes changes in the constitution of several committees to enable the business of the Fire Authority to be carried out more effectively and to take into account guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) regarding audit committees. The report also asks the Fire Authority to nominate Members to participate in its Community Liaison Panel.

## 2 Recommendations

The Fire Authority is asked to consider and agree the following changes in the constitution of its committees:

- a) A decrease in the quorum of its Human Resources, Performance Management, and Strategy and Resources, Committees from 5 to 4; and
- b) Amendment to the terms of reference of its Performance Management Committee to include the Statement of Purpose and core audit functions set out at section 6 of this report.

The Fire Authority is also asked to nominate Members to participate in its Community Liaison Panel.

## 3 Background

At its meeting in October 2005 the Fire Authority agreed a number of constitutional changes, including a restructure of its committees, amended terms of reference and the abolition of substitutes for committees, to be implemented with immediate effect.

The new system has now been in operation for several months, during which time it has become clear that two issues need to be addressed to enable the business of the Fire Authority to be carried out more effectively and to take into account guidance issued by CIPFA regarding audit committees. These are:

- The quorum of the Human Resources, Performance Management, and Strategy and Resources Committees; and
- The terms of reference for the Performance Management Committee.

At its meeting in December 2005 the Fire Authority agreed to the creation of a Community Liaison Panel but it has not yet established which Members should participate in the Panel.



## 4 The Quorum

When the changes to committee constitutions were agreed in October the quorum of the Human Resources, Performance Management, and Strategy and Resources Committees was set at 5 and the membership at 7. Substitutes for all committees were also abolished. As a result, if more than 2 Members are unable to attend a meeting of these committees, it is inquorate and, therefore, unable to proceed. It was necessary to postpone the inaugural meeting of the Performance Management Committee for this reason.

The quorum for meetings is set by the Local Government Act 1972 and must be at least one quarter of the membership. In theory, therefore, for a committee of 7 Members the quorum could be as low as 2. Members may consider, however, that this number, or even 3, is too low, particularly because the purpose of the committees is to consider and debate in detail important issues and make recommendations to the Fire Authority. Consequently, it is recommended that the quorum for the Human Resources, Performance Management, and Strategy and Resources Committees is set at 4.

To avoid the cancellation of meetings at the last minute Members are asked to inform officers as soon as they become aware that they will be unable to attend a meeting. Alternative arrangements can then be made, if a meeting is likely to be inquorate.

## 5 Existing Terms of Reference of the Performance Management Committee

The terms of reference of the Performance Management Committee, agreed by the Fire Authority in October, are attached at Appendix A to this report. At the inaugural meeting of the Committee in January, Members asked that the Fire Authority review those terms of reference with the aim of including specific audit responsibilities, in addition to its existing responsibility to review the effectiveness of the Authority's system of internal control.

Furthermore, CIPFA has now issued guidance, which encourages local authorities to put in place an audit committee, where they do not have one. Further details are given below.

## 6 CIPFA Guidance

The guidance issued by CIPFA is not prescriptive, accepting that a 'one size fits all' approach would not be appropriate or helpful. What is important is that the functions of audit committees are discharged effectively and are recognised for their significance in relation to overall governance. CIPFA also acknowledges that audit committees may exist under a variety of names.

### Core Principles and Features

The guidance does, however, set out the following core principles and features, which should be common to all audit committees:

- They, and specifically the chair, should be independent of other functions
- Their remit should cover the governance of the whole authority



- They should provide effective assurance about the adequacy of financial management and reporting
- They should have a clear right of access to the full authority and its committees
- Membership should be balanced, objective, independent of mind, knowledgeable and properly trained to fulfil the role
- They should treat auditors, other members and the management equally
- They should meet regularly
- They should formally approve a Statement of Purpose, along the following lines:

*The purpose of an audit committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.*

### **Core Functions**

The guidance also includes the following core functions of audit committees:

- To approve, but not direct, the internal audit strategy and audit plan and monitor performance against the plan.
- To review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
- To consider the reports of internal and external audit and inspection agencies and monitor management action in response to the issues raised.
- To consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements and to seek assurances that action is being taken on risk related issues identified by auditors and inspectors.
- To ensure that there are effective relationships between external and internal audit and other relevant bodies and that the value of the audit process is actively promoted.

## **7 Proposed Terms of Reference of the Performance Management Committee**

It is proposed that the above Core Functions, together with the Statement of Purpose, are included in the terms of reference of the Performance Management Committee. This Committee already has responsibility for corporate governance issues and for reviewing the effectiveness of the system of internal control. The audit functions proposed would, therefore, fit readily with the existing role of that Committee.

## **8 Membership of the Community Liaison Panel**

The Constitution of the Panel (see Appendix B) states that membership will include the Fire Authority's Young People's Champion and Older People's Champion, currently Councillors Dr Drummond and Tandy respectively. As the former sits on Oswestry Borough Council and the latter on Shrewsbury and Atcham Borough Council, they are



also able to represent those Councils on the Panel. Councillor Hartin is the only Member of the Fire Authority, who sits on South Shropshire District Council. North Shropshire District Council has three Fire Authority Members – Councillors Davies, Mellings and Minnery, and Borough of Telford & Wrekin has six – Councillors Lt Col Allen, Eade, Hussey, Morgan, Picken and Mrs Swift. The Fire Authority is asked to decide which of these Members should participate in the Panel.

Currently, the Fire Authority has no Member from Bridgnorth District Council but Councillor Hurst-Knight has agreed to represent that Council on the Panel.

## **9 Legal Comment**

The full Fire Authority must agree any changes to its committee quorum and terms of reference. Under the Local Government Act 1972 the quorum for meetings must be at least one quarter of the membership.

The Fire Authority is not required by law to follow the guidance issued by CIPFA. It is, however, considered to be good practice in the interests of transparent corporate governance.

The Community Liaison Panel is a working group with no delegated powers. It is not, therefore, required to be politically balanced.

## **10 Financial Implications**

It is likely that some training will be required to enable Members of the Performance Management Committee to fulfil the additional audit role proposed. The Fire Authority already has a dedicated budget for Member training and it is anticipated that any costs would be contained within this budget.

## **11 Equality and Diversity Implications**

There are no equality and diversity implications arising from this report.

## **12 Appendix**

Terms of Reference for the Performance Management Committee

## **13 Background Papers**

### **Shropshire and Wrekin Fire Authority**

19 October 2005 – Report 8 Proposed Committee Structure and Minutes

14 December 2005 – Report 14 Community Safety and Minutes

### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

October 2005 Audit Committees – Practical Guidance for Local Authorities

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For further information about this report please contact Sharon Lloyd, Committee and Administration Manager, on 01743 260210 or Sue Kembrey, Clerk, on 01952 202461.



## **PERFORMANCE MANAGEMENT COMMITTEE**

### **QUORUM - 5**

The quorum must include at least one Member from each constituent authority.

### **CHAIR**

The Chair of the Committee shall be elected from a member of the largest opposition group

### **MEMBERS – 7**

3 Conservatives  
1 Independent  
2 Labour  
1 Liberal Democrat

### **TERMS OF REFERENCE**

To monitor the Fire Authority's involvement in the West Midlands Regional Management Board and implementation of the Board's objectives

To monitor implementation of the Comprehensive Performance Assessment Improvement Plan

To monitor implementation of Best Value Reviews

To monitor and review the Brigade Service Objectives

To monitor Brigade performance indicators

To consider customer relations issues and monitor complaints and compliments

To review the effectiveness of the system of internal control

To monitor corporate governance issues and specifically the Authority's Code of Corporate Governance

To approve the contents of the Annual Report

To investigate and report upon any other matter specifically referred to the Committee by the Authority

### **MEETING DATES**

To be arranged

## Shropshire and Wrekin Fire Authority Community Liaison Panel

### Aim

To deliver community safety across Shropshire's communities effectively through close connections with people at local level

### Terms of Reference

- To monitor the effectiveness of Fire Authority engagement in Local Strategic Partnerships, Local Public Service Agreements, Local Area Agreements, community strategies and other local partnership initiatives
- To share best practice on community engagement from around the area
- To consider and recommend the best methods of local communication and engagement
- To act as joint Member/ officer fire safety 'Champions' at local level, ensuring that local democracy is seen to work for the benefit of the community

### Members

#### 7 Members of the Fire Authority

As far as possible Members of the Fire Authority will be taken from each of the following Councils:

- Borough of Telford & Wrekin – 2 Members
- Bridgnorth District Council – 1 Member (currently none of the Fire Authority's Members sits on this Council)
- North Shropshire District Council – 1 Member
- Oswestry Borough Council – 1 Member
- Shrewsbury and Atcham Borough Council – 1 Member
- South Shropshire District Council – 1 Member

Although Shropshire County Council is not included in the above list, a number of Members sit on both the County Council and a Borough or District Council and would, therefore, provide representation for the former.

The above Membership will include the Fire Authority's 'Young People's Champion' and 'Older People's Champion' – currently Cllr Dr June Drummond and Cllr Jon Tandy respectively.

#### 6 Officers

Deputy Chief Fire Officer Paul Raymond  
DO Mike Ablitt (as liaison officer for Shropshire County Council)  
DO Jim Cameron (as liaison officer for Borough of Telford & Wrekin)  
ADO Andy Perry (as liaison officer for Bridgnorth and South Shropshire)  
DO Jon Wagstaff (as liaison officer for Shrewsbury and Atcham)  
ADO Phil Brooks (as liaison officer for Oswestry and North Shropshire)

## **Delegated Powers**

The Panel will have no delegated powers other than those specifically delegated to it by the Fire Authority from time to time.

## **Reporting to**

The Panel will report to the Fire Authority and its various committees, whichever is appropriate.

## **Frequency of Meetings**

The Panel will meet as and when required but a minimum of twice per year. There will, however, be ongoing contact between the appropriate Members and officers.