

# AMENDED AGENDA

## STANDARDS COMMITTEE MEETING



Date: Wednesday 7 April 2010  
Time: 10.30 am  
Venue: Town Hall, High Street,  
Maidstone

Membership:

Councillors Batt, Mrs Hinder, Marchant,  
Mrs Stockell, Verrall and Vizzard

Independent Members: Mr Wright (Chairman),  
Mrs Phillips and Mr Powis

Parish Representatives: Councillors Stead and  
Younger

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Page No.

1. Apologies for Absence
2. Notification of Visiting Members
3. Disclosures by Members and Officers
4. Disclosures of Lobbying

**Continued Over/:**

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**Issued on 1 April 2010**

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact DEBBIE SNOOK on 01622 602030**. To find out more about the work of the Committee, please visit [www.digitalmaidstone.co.uk](http://www.digitalmaidstone.co.uk)

**David Petford, Chief Executive, Maidstone Borough Council,  
Maidstone House, King Street, Maidstone, Kent ME15 6JQ**

5. To consider whether any items should be taken in private because of the possible disclosure of exempt information.
6. Minutes of the meeting held on 3 February 2010
7. Report of the Head of Legal Services and the Assistant Director of Customer Services and Partnerships - Review of Complaints October to December 2009
8. Report of the Corporate Services Overview and Scrutiny Committee - Overview and Scrutiny Function Report - Recommendations
9. Report of the Head of Legal Services - Boughton Monchelsea Parish Council - Application for Dispensation
10. Discussion Item - Draft Annual Report to Council 2009 - 10
11. Any other Applications for Dispensations
12. Chairman's Announcements
13. **The Role and Terms of Reference of the Audit Committee** **63 - 74**
14. **Termination of Appeals Committee** **75 - 78**

## **MAIDSTONE BOROUGH COUNCIL**

### **AUDIT COMMITTEE**

#### **MINUTES OF THE MEETING HELD ON MONDAY 29 MARCH 2010**

**Present:**            **Councillor Horne (Chairman), and  
Councillors Butler, Nelson-Gracie, Warner and  
Mrs Wilson**

#### **REFERRED MATTER**

##### 77.    **THE ROLE AND TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

The Committee considered the report of the Director of Resources and Partnerships concerning a revision to the role and Terms of Reference of the Audit Committee as well as endorsing the commissioning of a peer review of the Audit Committee by IdEA.

The Director of Change and Partnerships informed the Committee that, following publication of the report, of the 3 other Councils within the Mid-Kent Partnership, 2 had indicated they would be keen to be involved with the peer review and 1 had declined.

The Committee asked a number of questions of the Director of Change and Partnerships regarding the appointment of the Independent Member and the Committee were informed that a further report on this appointment would be brought to a future meeting.

#### **RESOLVED:**

1.    That the revision of the composition and terms of reference of the Audit Committee, as set out in paragraphs 1.3.3 and 1.3.6 of the report of the Director of Resources and Partnerships be agreed and that the amendment to the Constitution be evaluated by Standards Committee prior to being submitted to Council for consideration.
2.    That the proposal for a peer review of the Audit Committee to ensure that the Committee's revised role and terms of reference take account of national best practice be endorsed.

**MAIDSTONE BOROUGH COUNCIL**

**AUDIT COMMITTEE**

**29<sup>th</sup> MARCH 2010**

**REPORT OF DIRECTOR OF RESOURCES AND PARTNERSHIPS**

**Report prepared by: Zena Cooke, Director of Resources and Partnerships**

**1. The Role and Terms of Reference of the Audit Committee**

**1.1 Issue for Decision**

1.1.1 To consider a revision to the role and Terms of Reference of the Audit Committee and to endorse the commissioning of a peer review of the Audit Committee by the IDEA.

**1.2 Recommendation of the Director of Resources and Partnerships**

1.2.1 To agree the revision of the composition and terms of reference of the Audit Committee in 1.3.3 and 1.3.6, for consideration by full Council.

1.2.2 To endorse the proposal in 1.3.9, for a peer review of the Audit Committee to ensure that the Committee's revised role and terms of reference take account of national best practice, Audit Commission guidance and effective partnership working.

**1.3 Reasons for Recommendation**

1.3.1 At its meeting on 30<sup>th</sup> November 2009, the Audit Committee agreed in principle to consider a revision of the Committee's role, composition and terms of reference, in line with best practice and Audit Commission guidance and to fully reflect the Committee's Statement of Purpose:

"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."

- 1.3.2 As part of its current role the Audit Committee considers the Statement of Internal Control and the Annual Statement of Accounts and refers them to full Council for adoption/approval.
- 1.3.3 It is proposed that the Audit Committee's role should be revised in order that the Committee considers and approves both the Statement of Internal Control and the Annual Statement of Accounts.
- 1.3.4 Overseeing the council's financial reporting process is a critical function and requires a knowledge and understanding of local authority accounting. In order to ensure the Audit Committee is able to discharge its duties effectively, it is proposed that Committee members are provided with comprehensive and regular training and support, based on a training needs analysis and a competency framework for Audit Committee members.
- 1.3.5 Currently the Council's Constitution states the following regarding membership of the Audit Committee:
- The Council will appoint an Audit Committee comprising 5 members of the council.
  - Members of the Audit Committee must have served at least one term of office or be able to demonstrate relevant experience.
  - All Audit Committee Members must receive appropriate training.
- The Chairman of the Audit Committee may not chair on Overview and Scrutiny Committee or a Regulatory Committee or be a member of the Executive.
- 1.3.6 It is proposed that the membership of the Committee be increased to include an Independent Member with a relevant financial background to support the Committee in discharging its duties in relation to overseeing the financial reporting process and in particular in approving the Annual Statement of Accounts. The independent Member would not have voting rights and the criteria for inviting and selecting the independent Member would need to be agreed. It could be possible to use the same approach as is used for appointing independent Members of the Standards Committee; a sub-group of the General Purposes Committee would recommend the nomination to full Council.
- 1.3.7 The proposal to change the Audit Committee's Terms of Reference in relation to the Statement of Internal Control and the Annual Statement of Accounts does not expand the Committee's role or build on its effectiveness as fully as Audit Commission guidance or national best practice requires.

1.3.8 Following the in principle decision of the Audit Committee to consider a revision of the Committee's role, composition and terms of reference on 30<sup>th</sup> November 2009, the IDEA (part of the Local Government Association) were approached to establish whether an external review of the Committee would be appropriate.

1.3.9 The IDEA have undertaken similar peer reviews and have provided a written brief for consideration (attached as an Appendix). The Council's Corporate Governance Group chaired by the Chief Executive has confirmed its support for the review and has agreed the required funding. Audit Committee approval is now sought to undertake the IDEA peer review.

1.3.10 To reduce the cost of the review and to enhance the mid-Kent audit partnership, partner authorities have been approached to consider a combined peer review. Partner authorities are currently considering their involvement.

#### 1.4 Alternative Action and why not Recommended

1.4.1 The Audit Committee could choose to continue in its current form and retain its existing Terms of Reference, However, this would fail to take into account the increasing focus and emphasis on strong governance and effective use of resources and would not reflect Audit Commission guidance or best practice nationally.

#### 1.5 Impact on Corporate Objectives

1.5.1 Revising the role of the Audit Committee will impact positively on corporate objectives.

#### 1.6 Risk Management

1.6.1 The Council may be criticized by the Audit Commission, for failing to revise and expand the role of the Audit Committee in line with standard practice nationally.

1.6.2 Audit Committee members will need to be provided with the relevant training and support in order to discharge their duties effectively.

1.7 Other Implications [Insert an 'X' in the boxes below to indicate if the recommendations will have any implications in the specified area]

1.7.1

1. Financial

2. Staffing	
3. Legal	x
4. Equality Impact Needs Assessment	
5. Environmental/Sustainable Development	
6. Community Safety	
7. Human Rights Act	
8. Procurement	
9. Asset Management	

1.7.2 Any proposed change in the Terms of Reference of the Audit Committee will need to be referred to full Council for consideration and if approved will require a change in the Constitution.

1.8 Background Documents

1.8.1 Audit Commission Guidance on the role of Audit Committees

**NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED**

Is this a Key Decision?    Yes        No   

If yes, when did it appear in the Forward Plan? \_\_\_\_\_

Is this an Urgent Key Decision?    Yes        No   

Reason for Urgency

[State why the decision is urgent and cannot wait until the next issue of the forward plan.]

Via e-mail

20 November 2009

Brain Parsons  
Head of Internal Audit and Risk Strategy  
Maidstone Borough Council  
Maidstone House  
King Street  
Maidstone  
Kent ME15 6JQ

Dear Brian

This letter sets out our outline proposal to review the council's Audit Committee.

### **Your Requirements**

Maidstone Borough Council's Audit Committee is a cross-party member committee that has been in place since 2007. Its role is to provide independent assurance of the adequacy of the council's approach to risk and control and to provide independent scrutiny. The Audit Committee is perceived to be working well. However, the council is keen to benchmark the Audit Committee against examples of best practice and to use the review to consider how it can take a more proactive role.

### **Our Response**

Our proposed approach to reviewing the Audit Committee is to:

1. Undertake desktop research to:
  - Identify good practice across the sector, drawing on authorities where Audit Committees have been commended through inspections as well as those authorities with high use of resource scores.
  - Consider the approach undertaken in Maidstone through a review of relevant documents and outcomes (including agendas, minutes, decisions and the impact of decisions on practice within Maidstone Borough Council)

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Layden House, 76-86 Turnmill Street, London EC1M 5LG  
Tel 020 7296 6600 Fax 020 7296 6666

Executive Director: *Lucy de Groot*  
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2. Undertake interviews with:
  - The Leader of the Council,
  - Chair of the Audit Committee,
  - Representative from the opposition group,
  - Chief Executive,
  - Director of Resources
  - Internal and External Auditors.

The purpose of the interviews will be to get a view from key stakeholders on the current effectiveness of the Audit Committee and on how it could develop in the future.

3. Present findings to the Audit Committee on options for future development.

### **Outcomes**

The outcomes from the review will be a better understanding by the council of the options for further development of the Audit Committee.

### **Our IDeA Team**

The team will comprise of Marianne Abley, Regional Associate, Eamon Lally, Improvement Manager and a member peer (tbc).

Marianne's role of Project Sponsor is that of key client contact with overall responsibility for quality and delivery. Eamon's role of the Project Manager is responsible for day-to-day delivery. The Project Manager will lead the on-site team and be responsible for the preparation of deliverables. Member peers are drawn from an accredited pool and will have relevant experience.

Profiles of team members are attached at the end of this proposal.

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## Our Proposal

The total cost of the support, including estimated expenses is £4 830 including expenses as follows.

Phase and work stream	Team member	Days	Day rate	Fee
Project sponsorship	Marianne Abley	1	£1,200	£0.00
Desktop review of best practice elsewhere and current practice of Maidstone Borough Council's Audit Committee.	Eamon Lally	1.5	£800	£1200
Interviews with Stakeholders	Eamon Lally	1	£800	£800
	Member Peer (tbc)	1	£300	£ 300
Preparation and delivery of feedback to Audit Committee	Eamon Lally	2	£800	£1600
	Member peer (tbc)	1	£300	£ 300
<b>TOTAL</b>		<b>4days</b>		<b>£4,200</b>

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The total cost above excludes expenses and VAT. Expenses are estimated at £630. We will only invoice for actual expenses incurred. The cost also assumes that the interviews are contained within one or two days.

### **Working with the IDeA**

In order for the project to work smoothly we will need to work very closely with you. The key things we will expect from you are:

- To supply necessary key documents
- To arrange all necessary interviews and meetings, this will include arranging rooms, facilities and confirming attendance
- If necessary to provide the IDeA team with office space and facilities
- To clarify reporting requirements and agree the completion date
- To be available to answer further questions and enquiries.

The IDeA is committed to equality and values diversity. We are a dynamic organisation, with a diverse range of staff. We aim to reflect this in all the work that we do. We will ensure that our work supports local authorities and their partners in their legal obligations with regards to equality (e.g. the public sector equalities duties on gender equality, disability equality, and race equality; human rights obligations and employment legislation). Our work managing the Equality Standard for Local Government (ESLG) means that all our teams are supported by staff knowledgeable and experienced in equalities and diversity.

The Agency works for local government, with elected members, officers and other partners. This means that every day, we engage with a wide range of people with different needs and experiences. We seek to deliver improvement support that is tailored to meet the specific needs of individuals, groups and organisations.

The design and delivery of our work addresses accessibility covering a range of issues such as:

- Physical access at events - e.g. through induction loops, timings of meetings, catering and interpreting)
- Materials – e.g. being provided in different formats, following the Plain Language Commission, RNIB and other accessibility guidelines
- Actions – e.g. responding well to situations that might arise, and ensuring respectful behaviour when facilitating workshops.

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We will ensure that these issues are addressed, by actions taken either by clients or by ourselves in order that all relevant stakeholders can benefit from our improvement support.

### **Making sure we deliver**

All IDeA assignments are managed in accordance with our quality assurance and project management framework. This includes how we manage enquiries and proposals, team selection and preparation, business aspects such as contracts and invoices, delivery management including sign-off of outputs, and post-delivery learning and project evaluation.

The organisation is committed to the on-going professional development of all staff and is accredited as an Investor in People.

### **Working with you to manage the project**

We will discuss how we can work with you to manage the project, including the appropriate project review points and what is covered at review points.

We will want to agree with you issues of confidentiality with regard to:

- Communications about the project prior to its start and during its life
- How findings and outputs are handled
- What information, if any, can be used outside your organisation.

### **Next steps and contact details**

Once you have confirmed your wish to proceed with the review and your acceptance of this proposal we will enter into a formal contract, which we will prepare and send to you.

I hope that this initial outline meets your requirements. We will be happy to work with you to refine the approach to meet your needs. If you have any queries, or wish to talk about anything outlined here in further detail please do not hesitate to get in touch with me. My mobile number is 07799768570 and I can be contacted by email at [eamon.lally@idea.gov.uk](mailto:eamon.lally@idea.gov.uk)

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I look forward to hearing from you.

Yours sincerely

Eamon Lally  
Improvement Manager, IDeA

## **Team Profiles**

### **Marianne Abley, Regional Associate, South East**

Marianne acts as the lead for IDeA in the South East and is the main point of contact for Chief Executives and Leaders in the region providing advice and guidance.

Her work for the IDeA includes:

- Strategic role for the Agency on core areas i.e. organisational development, risk management, two tier working, LAAs, Fire, Beacons
- Maintaining a strategic overview of IDeA assignments in the South East
- Project sponsor for major IDeA support work in the South East
- Working closely with all the South East local authorities and agencies
- Identifying future needs of local authorities
- Promoting sustainable improvement.

Marianne joined the Agency in May 2005 from the Audit Commission where she led on voluntary improvement work. Prior to this she held chief officer and director level posts in Local Government, NHS and Civil Service.

Marianne has an MBA, Diploma in Public Service Administration and certificates in Personnel Management and Training. Areas of significant experience include:

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- Visioning and priority setting
- Change management
- Performance management
- Democratic arrangements
- HR strategy
- Collaborative partnership working.

### **Eamon Lally, Improvement Manager**

Eamon Lally is an Improvement Manager working in Improvement Services. Eamon's work for the Improvement and Development Agency (IDeA) includes:

- Managing a range of peer reviews (including CAA peer challenges and corporate, housing and other bespoke reviews such as countryside peer review)
- Financial management support and efficiency reviews
- Service planning and performance assignments (with a range of unitary and district councils and also the Fire and Rescue Service)
- Supporting councils and local strategic partnerships in the development and delivery of sustainable community strategies and local area agreements (including work with Suffolk, Norfolk and Oxfordshire Local Strategic Partnerships).
- Supporting councils with shared chief executives and management teams as they develop their approaches to shared services.

Previously, Eamon was Head of Corporate Policy at London Borough of Southwark, where he worked from 2000 to 2007. In that role he established the corporate policy function that led the development of Southwark's Sustainable Community Strategy and local area agreement.

Eamon has also worked extensively on performance management and improvement planning. He has managed, from a council perspective, comprehensive performance assessment (CPA) corporate assessments and an IDeA peer review.

Before working in local government, Eamon worked for the House of Commons Education and Employment Select Committee as a labour market specialist. He spent 10 years working in the private sector as a financial intermediary on London's international money markets.

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## **MAIDSTONE BOROUGH COUNCIL**

### **GENERAL PURPOSES GROUP**

#### **MINUTES OF THE MEETING HELD ON THURSDAY 11 MARCH 2010**

**Present:** Councillor Mrs Hinder (Chairman), and  
Councillors Mrs Blackmore, Field, Horne, Hotson,  
Mrs Joy, Paine, Sams and Mrs Wilson

#### **REFERRED MATTER**

55. **TERMINATION OF APPEALS COMMITTEE**

The Group considered the report of the Democratic Services Manager regarding deleting reference to the Appeals Committee in the Constitution.

**RECOMMENDED TO STANDARDS COMMITTEE:** That the Appeals Committee be disbanded with the reference to it in the Constitution being deleted and that this amendment to the Constitution be evaluated by Standards Committee prior to being submitted to Council for consideration.

**MAIDSTONE BOROUGH COUNCIL**

**GENERAL PURPOSES COMMITTEE**

**11 MARCH 2010**

**REPORT OF DEMOCRATIC SERVICES MANAGER**

**Report prepared by Neil Harris**

**1. APPEALS COMMITTEE**

1.1 Issue for Decision

1.1.1 To consider the future of the Appeals Committee in the light of the change whereby the Chief Executive in consultation with the Leader of the Council and the Leader of the Opposition determines all disciplinary and grievance appeals.

1.2 Recommendation of the Democratic Services Manager

1.2.1 That the Council be recommended to delete reference to the Appeals Committee in the Constitution as its remaining delegation has never been used.

1.2.2 That the Standards Committee be recommended to evaluate this proposal being submitted to Council.

1.3 Reasons for Recommendation

1.3.1 The Council at its meeting, following a recommendation from the Employment and Development Panel, agreed to a change in the delegation to the Appeals Committee to delete reference to hearing disciplinary and grievance appeals which would in future be dealt with by the Chief Executive in consultation with the Leader of the Council and the Leader of the Opposition. This left the Committee with only the following delegation:

To be the final level of appeal relating to any statutory appeal decisions taken by Members of the executive and non-executive arms of the Council.

1.3.2 In reality this delegation has never been implemented as there has never been any such appeals since this delegation has existed which has been for approximately 10 years. This is made less likely with the existence of other bodies such as the Planning Referrals Committee. In



addition this group also has a delegation to consider any non executive function not delegated elsewhere.

1.3.3 Therefore it is recommended that the Appeals Committee is deleted from the committee establishment as it is not be needed for this sole remaining delegation.

1.4 Alternative Action and why not Recommended

1.4.1 To leave the committee in place when it will not be asked to meet.

1.5 Impact on Corporate Objectives

1.5.1 None

1.6 Risk Management \*COMPULSORY\*

1.6.1 None

1.7 Other Implications [Insert an 'X' in the boxes below to indicate if the recommendations will have any implications in the specified area]

1.7.1

- 1. Financial
- 2. Staffing
- 3. Legal
- 4. Equality Impact Needs Assessment
- 5. Environmental/Sustainable Development
- 6. Community Safety
- 7. Human Rights Act
- 8. Procurement
- 9. Asset Management


1.8 Background Documents

None

**NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED**

Is this a Key Decision?      Yes            No     

If yes, when did it appear in the Forward Plan? \_\_\_\_\_

Is this an Urgent Key Decision?      Yes            No     

Reason for Urgency

[State why the decision is urgent and cannot wait until the next issue of the forward plan.]