

**Meeting of the Full Council
Meeting to be held on 27 February 2014**

Report submitted by: The Interim Chief Executive

Part A

Electoral Division affected:
All

The County Council's Political Governance Structure

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Executive Summary

The Full Council at its meeting on the 12 December 2013 debated a Notice of Motion on a possible return by the authority to a Committee system and resolved:

"The County Secretary and Solicitor is instructed to bring a Report to the Full Council Meeting on the 27 February 2014 setting out the options and necessary actions that need to be taken to discontinue the existing Leader and Cabinet system of decision making and revert back to a Committee system.

We also instruct the Interim Chief Executive to give an indicative time scale for the introduction of such a change, given that several other County Councils have made or are making this transition."

This report sets out the statutory framework; possible options for political governance structures for local authorities including a Committee system; timescales; and initial indications of the implications of implementation of any change.

Recommendation

In order to give effective and detailed consideration to the wide ranging implications of any change in political system of governance, the Full Council is recommended to:

- i. Establish a cross party member officer working group to thoroughly investigate options for any change in political management structure and make recommendations to the Council on a future governance structure.
- ii. Agree that the member officer working group be requested to report back on its initial findings to the Full Council in December 2014.

Background and Advice

The Full Council at its meeting on the 12 December 2013 debated a Notice of Motion on a possible return by the authority to a Committee system and resolved:

"The County Secretary and Solicitor is instructed to bring a Report to the Full Council Meeting on the 27 February 2014 setting out the options and necessary actions that need to be taken to discontinue the existing Leader and Cabinet system of decision making and revert back to a Committee system.

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Statutory Position

The Local Government Act 2000 introduced a requirement for all local authorities to end the committee system of governance, and introduce an executive system (essentially either a Leader and Cabinet system or a Mayoral system). The only exceptions were small district authorities such as Ribble Valley BC in Lancashire, which were permitted to continue with a streamlined version of a committee system.

Local Authorities now have, through provisions in the Localism Act 2011, the ability to choose their governance arrangements. The options available are:

- A Leader and Cabinet system or Elected Mayor model
- Committee system
- Prescribed arrangements

The County Council has operated a Leader and Cabinet form of governance since 2001. The Council now has the ability to change its current Cabinet system to either a Committee system or to 'prescribed arrangements'.

'Prescribed arrangements' means an alternative form of governance that is neither a cabinet system or a committee system proposed by the Authority but this must be approved by the Secretary of State and only if those alternative arrangements would be appropriate for other authorities. No Authority has so far adopted or proposed an alternative model, and it is difficult to say what such a system might look like.

Process of change

Any change from the current Cabinet system to another form of governance including a committee system would involve:

- A resolution approving the change at Full Council.
- Publishing a notice outlining the new arrangements with the date the change would take effect. There is no requirement to formally consult on any proposals.

- The change must be implemented either at the next Annual General Meeting (AGM) following the approval or at a later AGM specified in the resolution where the approval was given.
- The Full Council can therefore decide at which AGM in future it may wish any new governance arrangements to be introduced.
- Once the change is made the new system cannot be changed again for 5 years from the date of the approval.
- It is likely that interim arrangements would be required during a changeover to a new system.

Organisational Transformation

Any consideration of a change of governance must be considered alongside the major process of organisational transformation the County Council is now embarking on. The aim of this process is to create a new organisation aligned to the County Council's key priorities and to the size of its future substantially reduced resources. This process is likely to create an entirely new officer structure by April 2016. It is clear that the system of governance making decisions and the organisational structure supporting and implementing those decisions need to be fully aligned and complementary. It would be premature to advance decisions on any change of governance before any decisions on the new organisation are taken.

Cabinet System

The current Cabinet system was established by the Local Government Act 2000 and has the following key principles:

- The executive (known as the Cabinet) is responsible for specified functions of a local authority and is responsible for most day to day management and service decisions of an authority. A Cabinet can have up to a maximum of 10 members.
- Executive decisions are taken by members of the Cabinet either collectively, individually or by Cabinet Committees. Political balance rules (requirement to have the same proportion of members of each group on a body as on the Full Council) do not apply to the Cabinet or Cabinet Committees.
- Some decisions (deemed non-executive) are reserved for the Full Council and some Committees. Political balance rules apply to these Committees and any Sub-Committees.
- Committee decisions tend to be of a quasi-judicial or regulatory nature, for example Development Control.
- At least one Scrutiny Committee must be established with certain powers and functions of scrutiny set out in legislation. These include duties in relation to health, flood risk management and crime and disorder, and powers to hold to account including 'call-in' and requiring attendance of certain individuals.
- Full Council sets the Budget/Council tax and approves certain policy framework documents, for example the Corporate Plan. It also has responsibility for the Constitution and matters relating to elections.

- Ability to have area based Committees (also applies to a Committee system). The Council currently operates Three Tier forums which are currently under review.
- Extensive delegation of procedural and routine decisions to officers.

Committee System

A Committee system would have the following key principles:

- Decisions are taken through politically balanced committees, appointed by full council.
- There are no restrictions on the number of committees, meeting frequency, or the size of the membership.
- There is no requirement for a separate Scrutiny Committee, although the statutory scrutiny functions in relation to health, flood risk management and crime and disorder would need to be exercised by the authority via its committees. There would be no statutory "Call In" process.
- Full Council sets the budget/Council tax and approves certain policy framework documents, for example the Corporate Plan. It also has responsibility for the Constitution and matters relating to elections.
- Ability to have area based Committees.
- Extensive delegation of procedural and routine decisions to officers.
- Powers may be delegated in some circumstances to the Chair of a Committee.

The key principles set out above leave individual local authorities with significantly wide scope to develop a governance system appropriate to local circumstances. Taken with the option of "prescribed arrangements", there is clearly the opportunity for Lancashire to develop a system of governance best suited to meet the challenges being faced both now and in the future.

Current Position

The County Council's current Cabinet System does already include a number of statutory and non-statutory Committees. This is in addition to the statutory overview and scrutiny function which currently comprises 4 Committees and a number of Health Joint Committees, working groups and Task Groups.

The County Council in July 2013 established a new Executive Scrutiny Committee, which enables pre-scrutiny of forthcoming Cabinet and Cabinet Member decisions.

Implications of change

There are significant implications for the County Council in changing its decision making structure to any new governance arrangements:

- A comprehensive rewrite of the County Council's constitution, governance and decision making processes would be required.

- Comprehensive review of the Scheme of Delegation to Chief Officers.
- A new approach would be required to engagement with partners and partnerships, in the significantly changed partnership environment.
- Impact on the decision flow and relationship with current Directorate officer structure.
- Significant resource implications for those officers involved in formal and informal engagement with Councillors. Specific significant implications for Democratic Services.
- Complete overhaul of the members' remuneration arrangements.
- Review of full council processes – for example, question time and budget decision making processes.
- Additional extensive training for members and officers.
- There would be no requirement for a formal scrutiny committee, but health, flood risk management and crime and disorder scrutiny functions would need to be retained.
- A number of newly created bodies would have to be integrated within the system, for example the Health and Wellbeing Board, Police and Crime Panel.

The majority of these significant issues will in any event have to be addressed as part of the overall organisational transformation of the County Council. Therefore, the effective and detailed consideration to the wide ranging implications of any change to the current political system of governance represents a key and integral element of the overall organisational transformation of the County Council.

Advantages and Disadvantages

In considering a change specifically from a Cabinet form of Governance to a Committee system there are a number of advantages and disadvantages of each system which would have to be considered and looked at in close detail. The following is a very brief snapshot of what are often put forward as the pros and cons of each system

Cabinet:

Arguments often put in favour include: efficient decision making; clear lines of responsibility and transparency; clear Leadership of the Council; clear separation between decision makers and those holding to account; and easier partnership working.

Criticisms include: power concentrated in a few hands; under-utilised backbenchers; decisions taken "behind closed doors".

Committees:

Arguments often put in favour include all members involved in decision making; debate takes place before decisions considering all alternatives; all decisions in public; politically balanced Committees.

Criticisms include: voting on party political lines and application of the 'whip'; bureaucratic and slower decisions; increased officer briefings and support; no individual responsibility and accountability; much higher cost of administration.

Alternative Options

In considering a change of governance arrangements, the Council could consider a number of alternatives to a formal Committee system:

- A hybrid system, similar to that operated by Kent County Council. This could involve a structure of Committees for each service area making recommendations to and advising the Cabinet and each Cabinet Member.
- Enhanced Cabinet system – which could involve more decisions being taken by Cabinet collectively rather than Cabinet members with increased scrutiny from non-cabinet members.
- Enhancing the role of Full Council, which could include a greater role in strategic decisions and pre-Cabinet decision scrutiny and debate
- An as yet undefined system that would meet the criteria for "prescribed arrangements".

Committee Systems elsewhere

A number of authorities have in recent years chosen to move from a Cabinet system to a Committee system or to what is referred to as a hybrid system. Below is a snapshot of Local Authorities who have already moved to a committee system:

Name	Type of authority
Hartlepool	Unitary
Newark	District
Reading	Unitary
Stroud	District
Brighton & Hove	Unitary
Kingston Upon Thames	London Borough
Nottinghamshire	County
South Gloucestershire	Unitary
Sutton	London Borough

Local Authorities who are operating "hybrid" arrangements, which is not a formal change of governance and retains the Cabinet System but builds in a layer of Committees advising and making recommendations to the Cabinet:

Name	Type of authority
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Cheshire East	Unitary
Cornwall	Unitary
Kent	County
Sevenoaks	District
Tunbridge Wells	District
Wandsworth	London Borough
Wirral	Metropolitan Borough

Local Authorities currently believed to be considering changes to governance arrangements:

Name	Type of authority
Barnet	London Borough
Cambridgeshire	County
Fylde	District
Kensington and Chelsea	London Borough
Norfolk	County
Northumberland	Unitary
Nottingham	Unitary
Wokingham	District

Note. The above information has been taken from information produced by the LGA and Centre for Public Scrutiny. It is not intended as an exhaustive list, and the current position of individual councils, especially those listed as "considering changes" may change. "Fourth option" authorities are not included in the list.

It is evident from the initial research undertaken that a conversion from a Cabinet System to a Committee system is an enormous change for an Authority and one that those authorities involved have not taken lightly and have had to invest significant officer and member resource into effecting the change, which in all cases have taken a significant amount of time.

Conclusion

There are clearly major implications for any change in governance arrangements, in terms of resources, transparency of decisions, effective engagement with the public and effective use of County Council and officer time.

A clear fundamental principal of any governance review must be that any system of governance must reflect and be designed to meet the requirements of the Council so that it can function effectively and efficiently and that its supports its service delivery framework to the community. Independent research undertaken by the Centre for Public Scrutiny supports this.

Recommendations

In order to give effective and detailed consideration to the wide ranging implications of any change in political system of governance, the Full Council is recommended to establish a cross party member officer working group to thoroughly investigate options for any change in political management structure and make recommendations to the Council on a future governance structure. It is suggested that the working group will aim to report back to Full Council on its initial findings at its meeting in December 2014.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

There are significant risks to the County Council in any change of political governance structure as highlighted in this report in terms of cost; impact on resources; reputational issues; effective governance of the authority; effective operation of the County Council's decision making structure in accordance with statutory requirements; and impact on the Council's member and officer structures.

The County Council would have to ensure that it continued to demonstrate transparency in decision making and effective engagement with the public particularly during any transitional period.

These significant risk issues and the detailed consideration of implications of any change to the political governance structure will have to be addressed and be an integral part of the Council's major process of overall organisational transformation.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Directorate/Tel
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Nil		
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Reason for inclusion in Part II, if appropriate

N/A