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Report of: The Executive Director of Resources

Report to: Cabinet

Date of Decision: 19 February 2020

Subject: **Proposal for Alternative Governance Arrangements for Sheffield City Council**

Is this a Key Decision? If Yes, reason Key Decision:- - Expenditure and/or savings over £500,000 - Affects 2 or more Wards	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
Which Cabinet Member Portfolio does this relate to? <i>Finance, Resources and Governance</i> Which Scrutiny and Policy Development Committee does this relate to? <i>Overview and Scrutiny Management Committee</i>	
Has an Equality Impact Assessment (EIA) been undertaken? If YES, what EIA reference number has it been given? 760	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Does the report contain confidential or exempt information? If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:- “The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Purpose of Report:

In May 2020 a referendum will be held to determine whether the Council retains its leader and cabinet model of decision making, or moves to a committee system model. The Council is required to draw up and publish proposals for a committee system before holding the referendum.

The report presents proposals for a committee system and for an enhanced leader and cabinet model of governance as recommended by Full Council at its meeting on 5 February 2020, for consideration by Cabinet.

Recommendations:

1. That as recommended by Full Council at its meeting on 5 February 2020, Cabinet approves:
 - (a) the proposals for an enhanced Leader and Cabinet governance model; and
 - (b) proposals for a Committee system of governance to be published before a referendum, as set out in the report.
2. To request the Director of Policy Performance and Communications, in consultation with the Director of Legal and Governance, to publish a notice as required by the Referendum Regulations, setting out the main features of these proposals, and to undertake additional activity to ensure that they are communicated to people in the city as clearly as possible before the referendum.

Background Papers:

Principles For Governance at Sheffield City Council – Report to Council on 8 January 2020.

Proposal For Alternative Governance Arrangements For Sheffield City Council – Report to Council on 5 February 2020

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Paul Schofield
		Legal: Andrea Simpson
		Equalities: James Henderson
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	Eugene Walker, Executive Director of Resources
3	Cabinet Member consulted:	Councillor Terry Fox, Deputy Leader of the Council and Cabinet Member for Finance, Resources & Governance
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Gillian Duckworth	Job Title: Director of Legal & Governance
	Date: 13/01/2020	

1. BACKGROUND

- 1.1 In May 2020 a referendum will be held to determine whether the Council retains its leader and cabinet model of decision making, or moves to a committee system model. The Council is required by the regulations to draw up and publish proposals for a committee system before holding the referendum.
- 1.2 Part 1A of the Local Government Act 2000, as amended by the Localism Act 2011, prescribes the permitted forms of governance for local authorities in England: executive arrangements or a committee system (the Secretary of State may prescribe additional permitted arrangements in regulations but has not done so). The Act and regulations made under it enable a change in governance arrangements if a local authority chooses to do so and sets out circumstances in which such a change must be considered or implemented.
- 1.3 The Local Authorities (Referendums) (Petitions) (England) Regulations 2011 (Petitions Regulations) require that if the authority receives a valid petition signed by at least 5% of the electorate requesting a referendum on a constitutional change it must hold such a referendum. The petition must contain a prescribed statement on the referendum that is sought.
- 1.4 In August 2019 the Council received a valid petition seeking a referendum “on whether the council should be run in a different way by one or more committees made up of elected councillors”. Accordingly, on the day of the next local elections on 7 May 2020, a referendum will be held to determine whether the Council retains its leader and cabinet model of decision making, or moves to a committee system model.
- 1.5 The Council is required by the regulations to draw up and publish proposals for the operation of a committee system before holding the referendum. This report presents proposals for a committee system. It also sets out proposals for an enhanced leader and cabinet model of governance. At its meeting on 5 February 2020 Full Council recommended both proposals for consideration by Cabinet.

2. GOVERNANCE PETITION AND REFERENDUM

- 2.1. The referendum will ask people eligible to vote in Sheffield whether they want to change the Council’s governance arrangements to a committee system or to retain the leader and cabinet model of governance. It will be run in accordance with the Local Authorities (Conduct of Referendums) (England) Regulations 2012 (Referendums Regulations). The Council has no discretion over the question to be asked as the precise wording is specified in these regulations:

*How would you like Sheffield City Council to be run?
By a leader who is an elected councillor chosen by a vote of the other elected councillors. This is how the council is run now.*

Or

By one or more committees made up of elected councillors. This would be a change from how the council is run now.

- 2.2 Before holding the referendum, the Petitions Regulations require the Council to draw up proposals concerning how it is proposed to operate the committee system. The Referendums Regulations specify that a notice must be published no later than 56 days before the referendum, in a way that is likely to bring it to the attention of persons living in the area, containing a statement that proposals have been drawn up and a description of the main features of the proposals. A copy of the proposals must be available for inspection throughout the referendum period and sufficient copies must be available for persons who wish to obtain them.
- 2.3 There is no requirement for the Council to publish a proposal for any changes to the existing Leader and Cabinet system should that model be endorsed through the referendum, although it may do so if it wishes.
- 2.4 If the result of the referendum is to approve the change in governance arrangements to a committee system the Council must implement it by resolution at its Annual Meeting in May 2020. If the result is to reject the change, the Council may not implement it and must continue to operate the existing form of governance, which is the leader and cabinet model.
- 2.5 Under Part 1A of the Local Government Act 2000, if a referendum on constitutional change has been held the local authority may not hold, or be required to hold, another referendum within 10 years. If the local authority proposes to make a change from one form of governance to another and the implementation of the authority's existing form of governance was approved in a referendum then the proposed change must be approved by referendum. The outcome of the referendum will therefore determine whether the Council operates executive arrangements or a committee system for at least a 10 year period.
- 2.6 Were a change to the committee system to be favoured in the referendum, the Council would have a year to implement the change, with the new system being in operation from the date of the Annual Meeting in May 2021. During this implementation period, further work would be undertaken on the detail of the system, but within the parameters set out in this report.

3. REVIEW OF DECISION MAKING IN SHEFFIELD CITY COUNCIL

- 3.1 At its meeting on 3 July 2019, Council resolved that the Deputy Leader and Cabinet Member for Finance, Resources and Governance would work with the Overview and Scrutiny Management Committee to review decision making in Sheffield City Council.
- 3.2 The cross party Overview and Scrutiny Management Committee (OSMC) looked at what the Council might want to achieve through changing its decision making structures and set out to produce a set of principles that

should underpin both of the options that are put to the referendum.

3.3 The Committee adopted a 'select committee' approach and held a series of evidence gathering sessions to hear from a range of witnesses including: experts in local governance – Local Government Association, Centre for Public Scrutiny and the Institute of Local Government Studies; local groups with an interest in governance - It's Our City (the petition organisers), Sheffield for Democracy and an Active Citizen; the voluntary sector and business community – Voluntary Action Sheffield, Sheffield Chamber of Commerce and Industry; Young Advisers and Members of Sheffield Youth Cabinet. They conducted an online call for evidence and heard presentations from some of those who had responded. They also learnt from other Councils – Rotherham, Melton, Cheshire East and Reading – through site visits and conversations.

3.4 The Committee then produced a report for consideration by Full Council which evaluated the evidence and identified ambitions, governance principles and ways of working that it recommended should shape future governance options.

3.5 On 8 January 2020, Council approved the recommendations made by the Overview and Scrutiny Management Committee following consideration of the Committee's report *Principles For Governance At Sheffield City Council*. Council endorsed the ambitions, governance principles and ways of working, as set out in the Committee's report, to shape future governance options. The Resolution of Council was as follows:

3.6 **RESOLVED:** That this Council approves the recommendations made by the Overview and Scrutiny Management Committee, that:-

(a) the Council endorses the ambitions, governance principles and ways of working, as set out in its report, to shape future governance options;

(b) work commences as soon as possible to implement the following:-

- Strengthening Sheffield City Council's approach to Scrutiny
- A commitment to the highest ethical standards and ensuring that the Code of Conduct reflects this
- Improving Sheffield City Council's approach to communicating about how decision making works
- Ensuring that a commitment to meaningful community engagement, involvement and consultation runs through the organisation
- Improving the information that we provide about how decision making happens across the city as a whole, and how partnerships and boards interconnect; and

(c) following the referendum, the Overview and Scrutiny Management Committee provides cross party oversight of the development of the new governance arrangements prior to their implementation.

4. AMBITIONS, GOVERNANCE PRINCIPLES AND WAYS OF WORKING

4.1 The Overview and Scrutiny Management Committee's report set out five ambitions for Sheffield City Council and identified governance principles and ways of working that will deliver these ambitions.

4.2 The ambitions are as follows:

1. Sheffield City Council is a trusted organisation, where decisions are taken in an open and transparent way and accountability is clear.
2. Sheffield City Council is a Council where all Councillors are involved in – and can influence – decision making
3. Sheffield City Council engages, involves and listens to citizens, communities and partners
4. Sheffield City Council has a modern and responsive approach to governance which reflects the increasingly complex policy making environment
5. Sheffield City Council is a reflective council that is committed to continuously improving governance

4.3 These ambitions, together with the governance principles and ways of working are summarised in Appendix 1 to this report. This report outlines how these governance principles might be incorporated into a new committee system or an enhanced Leader and Cabinet model of governance.

5. PROPOSALS

5.1 On 5 February 2020, full Council considered a report titled *Proposal For Alternative Governance Arrangements For Sheffield City Council*. The Council Resolution was as follows:

RESOLVED: That approval be given to the recommendations set out in the report of the Executive Director, Resources, now submitted, that the Council recommends to Cabinet (a) the proposals for an enhanced Leader and Cabinet governance model and (b) proposals for a Committee system of governance to be published before a referendum, as set out in the report.

5.2 The proposals for an enhanced Leader and Cabinet model of governance and those for a committee system which were approved by full Council at its meeting on 5 February 2020 are outlined below at

sections 7 and 8 of this report. The proposals are also summarised in the two diagrams attached to this report.

6. COMMUNITY INVOLVEMENT

- 6.1 As part of either a Leader/Cabinet or a Committee system, and based on the feedback from the Big City Conversation, the Council will draw up proposals to strengthen locality arrangements and increase community voice and influence and the opportunity for people to have their say at a local level. The design of this model would also ensure that there is an effective mechanism for communities, through the locality arrangements, to feed into the Council's decision making processes. The governance principles which have been endorsed by full Council at its meeting in January 2020 will also be applied to the design of the locality arrangements.

7. PROPOSAL FOR AN ENHANCED LEADER AND CABINET MODEL

7.1 How are decisions made?

7.1.1 Full Council

There are some functions which are reserved to Full Council by law, which includes the Council's budget and policy framework. Council appoints the Lord Mayor, the Leader of the Council and statutory officers. It also approves the Council's Constitution and makes appointments to committees and to external bodies. Full Council is also the forum for political debate and for holding decision makers to account through questions from the public and elected Members and for participation and people bringing issues to the Council, such as by presenting petitions.

7.1.2 Executive

In the existing model of governance adopted by Sheffield City Council, the Executive of the Council is responsible for most day to day decisions. These decisions are the responsibility of the Leader, individual Cabinet Members or Cabinet acting collectively or are delegated to officers or other bodies. The Cabinet comprises the Council Leader and up to nine other councillors appointed as Executive Members by the Leader. The Leader and Cabinet have to make decisions in line with the Council's overall policies and budget.

- 7.1.3 The Leader's Scheme of Delegation sets out the allocation of executive functions by the Leader. The scheme reserves specific decisions to Cabinet or a Committee of Cabinet. Other decisions are reserved to individual Cabinet Members and to the extent that a matter is not reserved, it will fall to an officer to decide, namely the Chief Executive, or an Executive Director. Each Executive Director will have a Scheme of Delegation within their portfolio.

7.2 Proposals for an Enhanced Model and governance principles

- 7.2.1 If the outcome of the governance referendum is for the Council to retain a

Leader and Cabinet model, it is proposed to make some changes to enhance the existing Leader and Cabinet model of governance and in order to implement in practice the governance principles agreed by Full Council in January 2020. This model is illustrated in the diagram appended to this report.

- 7.2.2 As referred to above in Section 6 of this report, an enhanced Leader and Cabinet model of governance would include strengthened locality arrangements which work effectively alongside, and feed into, citywide decision making processes.

7.3 Pre-decision scrutiny

- 7.3.1 A new Policy Development and Performance Committee will strengthen the current arrangements. It will look at decisions before they are made by Cabinet to give an opportunity to bring a different perspective, challenge assumptions and look at other issues such as risk. The Committee will be part of the authority's formal overview and scrutiny arrangements and will be able to commission other Scrutiny Committees to undertake more detailed work on issues as required.

- 7.3.2 The Policy Development and Performance Committee would replace the Overview and Scrutiny Management Committee which is currently part of the decision making structure. The Committee is also likely to meet with greater frequency. The other existing thematic Scrutiny and Policy Development Committees, namely, Children, Young People and Family Support; Economic and Environmental Wellbeing; Healthier Communities and Adult Social Care; and Safer and Stronger Communities would be retained.

7.4 Forward Planning

- 7.4.1 The Council will produce and publish a rolling 12 month forward plan of the strategic or operational decisions which the Council knows it is going to be taking, so it is clear to the public what decisions we are planning to take, when they will be taken and, who will be taking them. It is inevitable that decisions will need to be added to the plan at shorter notice but these will be added as soon as they are known.

- 7.4.2 The Council is required to publish details of Key Executive Decisions to be taken by the Cabinet, Individual Cabinet Members or Executive Directors/Directors in 28 days and beyond. This is required by Section 9 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

- 7.4.3 As in a committee system, the Audit and Standards Committee will regularly look at matters relating to ethical standards to help underpin the Council's governance.

7.5 Regulatory Decisions

- 7.5.1 Non-executive decisions, which include Planning and Licensing decisions, will continue to be made by separate politically proportionate committees, as now. Policy decisions will continue to be taken by either the committees or Cabinet as prescribed by the legislation.

8. PROPOSAL FOR A COMMITTEE SYSTEM

- 8.1 In a committee system, decision-making authority comes from Full Council and functions are discharged in accordance with the provisions of Part VI of the Local Government Act 1972. The Council can delegate its functions to committees or officers. Committees can also appoint and delegate to sub-committees, and a committee or a sub-committee can delegate to an officer. Decisions may not, however, be delegated to an individual councillor in a committee system. Local authorities with a committee system may have separate overview and scrutiny committees, but they are not required to. However, the arrangements have to include a way of scrutinising health services, and crime and disorder matters.

8.2 Full Council

- 8.2.1 In a committee system, the Full Council and committees make all the decisions and may delegate to officers. There are some functions which are reserved to Full Council by law, which include the Council's budget and policy framework. Council also appoints the Lord Mayor, the Leader and statutory officers. It also approves the Council's Constitution and makes appointments to committees and to external bodies. Full Council is also the forum for political debate and for holding decision makers to account, including through questions from the public and elected Members and for participation and people bringing issues to the Council, such as by presenting petitions.
- 8.2.2 Because Full Council has a slightly different role in a committee system, there may need to be some changes to the structure and format of Full Council meetings. These will be considered as part of the implementation process described below as part of the further work identified.

8.3 Policy and Strategy

- 8.3.1 A politically proportionate Policy and Strategy Committee, chaired by the Leader of the Council and including the chairs of the thematic committees, would be established. This committee would have authority to make decisions within the parameters established by Full Council.
- 8.3.2 In summary, the committee would be responsible for:
- Setting the overall direction of the organisation
 - Proposing the Thematic Committees and changes to the scheme of delegation for approval by Annual Council
 - Strategic decisions with substantial implications for the city and its

- communities
- New policy or strategy that affects the authority as a whole or a substantial part of it
- Considering issues affecting the whole organisation (including human resources, ICT etc.)
- Budget and capital programme recommendations and budget monitoring
- Performance management
- External Relationships and Partnerships e.g. Sheffield City Region
- Major contractual decisions above a specified financial threshold and/or impacting on the size, structure or autonomy of the Authority e.g. insourcing/outsourcing and partnering arrangements

8.4 Themed Committees

8.4.1 It is proposed to establish individual committees based around specific themes or areas of work. These committees will be responsible for developing policy and strategy for their area and for operational or implementation decisions. The committees would also be politically proportionate. Each committee would have authority to make decisions within the parameters established by Full Council. The themes are likely to reflect the current Cabinet Portfolios and therefore there may be up to 9 committees

8.4.2 In summary, these committees would be responsible for:

- Developing policy and strategy within their area of responsibility (although with decision making on these resting with the Policy and Strategy Committee)
- Implementing and making decisions within the agreed strategy
- Performance management and budgetary oversight within their area
- Scrutiny and investigating issues of concern within their areas
- Establishing sub-committees for particular issues within their areas

8.5 How will decisions be made?

8.5.1 The Policy and Strategy Committee would set the overarching direction of the Council and individual strategies, plans and policies would be developed by the themed committees and then considered by the Policy and Strategy Committee to make sure they fit with the Council's overall strategies and direction. Themed committees will implement strategy and make decisions that are within their particular remits. This model is illustrated in the diagram appended to this report.

8.6 Scrutiny

8.6.1 In a committee system, the statutory scrutiny functions - currently crime and disorder, flooding risk, and health services functions - would be performed either by a separate scrutiny committee or by one or more of the committees. The principle of being able to 'call in' decisions will be

included in the process and written into a new constitution.

8.7 Regulatory Decisions

- 8.7.1 It is proposed that existing regulatory committees and sub committees would not be substantially changed by a move to a committee model of governance. A separate Planning and Highways Committee and separate Licensing Committee and sub-committee would continue to be in place to deal with decisions on those matters within their remit.
- 8.7.2 Policy decisions relating to Planning and Licensing matters would be dealt with by the Policy and Strategy Committee.

8.8 Officer decisions

- 8.8.1 Operational decisions by council officers would be made as set out in schemes of delegation approved by Full Council and the scope of officer decisions will be the same as it is in the existing Leader and Cabinet model of governance in order to fulfil the governance principles.

8.9 Urgent Decisions

- 8.9.1 A mechanism would also be developed to deal with matters which are urgent but which are not a matter of extreme urgency. It is proposed that a committee is established to deal with urgent matters in line with the principles adopted by Full Council.
- 8.9.2 The executive decision making process currently includes provision for urgent decision making so that key decisions may if necessary be made, while still subject to call in, without 28 days' notice or advance publication of the report. Exceptionally where delay for scrutiny would 'significantly prejudice the interests of the Council or a third party' a decision may be removed from the call in process. A committee system will need to provide for the committee dealing with urgent matters to be similarly able to make decisions at short notice.
- 8.9.3 A procedure will be established for the Chief Executive to deal with matters of extreme urgency in certain circumstances and which would be set out in the Constitution. This is to make sure the Council can fulfil its role in an emergency situation under the Civil Contingencies Act 2004.
- 8.9.4 At present, Part 7 of the Leader's Scheme of Delegation sets out provisions in cases of extreme urgency. It includes steps that should be taken by the Chief Executive as regards expenditure and reporting the action taken to the appropriate Cabinet Member.

8.10 Schemes of Delegation

- 8.10.1 The terms of reference for all Committees and sub committees will be set out in the Council's Constitution. Schemes of delegation, to be approved by Full Council, will set out how decisions will be made by committees

and by Council officers.

8.11 How the proposals meet the governance principles

- 8.11.1 As referred to above in Section 6 of this report, a committee system of governance would include strengthened locality arrangements which work effectively alongside, and feed into, citywide decision making processes.
- 8.11.2 The Council will produce and publish a rolling 12 month forward plan of the strategic or operational decisions which the Council knows it is going to be taking, so it is clear to the public what decisions we are planning to take, when they will be taken and, who will be taking them. It is inevitable that decisions will need to be added to the plan at shorter notice but these will be added as soon as they are known.
- 8.11.3 The Audit and Standards Committee will regularly look at matters relating to ethical standards to help underpin the Council's governance, as in the current system.
- 8.11.4 A committee system will include a Policy and Strategy Committee and themed Committees as well as regulatory and other committees which will involve all councillors and enable them to influence decision making. The themed committees will be responsible for implementing the budget and policy framework agreed by Full Council and decisions must be in line with the Council's overall policies and budget. The themed committees will have responsibility for most day-to-day decisions.
- 8.11.5 The committees will have delegated authority to make decisions within the parameters set by Full Council and this will be set out in the Constitution.
- 8.11.6 Full Council will decide the extent to which decisions are delegated to committees and to Council Officers.
- 8.11.7 It will be the responsibility of a Policy and Strategy Committee to make sure the decision making structure is co-ordinated and to enable a joined up approach to tackling issues which need the involvement of a number of organisations in the city and to strengthen our ability to work with our partners.
- 8.11.8 The Council's representation on partnerships and external bodies will be decided by Full Council. It will be important to make sure there is a clear approach to bringing matters back into the Council decision making structure for consideration as appropriate. This will ensure that our approach is properly co-ordinated and aligns with the Council's wider objectives, policies and priorities.
- 8.11.9 As referred to above at paragraph 8.9, a mechanism, will be included in the decision making structure for making urgent decisions openly and transparently.

8.12 Other Committees

- 8.12.1 Other existing committees would be retained in either model of governance, including:
- Admissions Committee
 - Appeals and Collective Disputes Committee
 - Audit and Standards Committee
 - Senior Officer Employment Committee

8.13 Joint Arrangements

- 8.13.1 Established Joint Committees such as the Joint Commissioning Committee with the Clinical Commissioning Group will continue within either system, the appointments within a Cabinet model are made by Cabinet whereas in a Committee system the appointments will be made by Full Council.

8.14 Health & Wellbeing Board

- 8.14.1 The Sheffield Health and Wellbeing Board is established under the Health and Social Care Act 2012 as a statutory committee of Sheffield City Council. It operates as a multi-agency board of equals. The normal political proportionality rules for committees are dis-applied by the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013.

9. FURTHER WORK

- 9.1 If the Council changes the way it is governed and adopts a committee system, the Council will have a period of one year to implement the change. During that implementation period, the Constitution and supporting documents will be rewritten and developed in conjunction with Members of the Council and these would be subject to approval by Full Council.
- 9.2 In line with the governance principles, the decision making structure will include a body to look at corporate governance and to oversee and periodically review the effectiveness of our governance arrangements. The Corporate Members Group, which includes representatives from all of the political groups on the Council is established within the Council's present structure.
- 9.3 At its meeting on 8 January 2020, Council also resolved that following the referendum, the Overview and Scrutiny Management Committee will provide cross party oversight of the development of the new governance arrangements prior to their implementation.
- 9.4 Issues which will need to be decided in more detail include the following:
- The terms of reference of the committees and sub committees

- How the public will participate in a new or enhanced model, for example, by asking public questions and submitting petitions, and how we will engage with people and communities as part of the decision making process
- How a new governance structure will work with partners and partner organisations
- Committee sizes and frequencies
- How the budgetary framework will work
- Review the Policy Framework and matters which should be subject to consideration by full Council
- Other work to implement in practice the principles adopted by Council at its meeting on 8 January 2020.

10. HOW DOES THIS DECISION CONTRIBUTE?

- 10.1 The proposals outlined in this report and the outcome of the referendum will be the basis of the Council's future decision-making.

11. HAS THERE BEEN ANY CONSULTATION?

- 11.1 Whilst there is not a requirement for the Council to consult in relation to the development of its governance proposals, significant engagement activity to help inform the development of these proposals has taken place with the people of Sheffield. This has been through two main routes – firstly the work of the Overview and Scrutiny Management Committee in developing the principles which these proposals are based on, and secondly the work of the ongoing Big City Conversation.
- 11.2 As part of the Overview and Scrutiny Management Committee exercise referred to above, members of the public and interested stakeholders were asked to contribute evidence to the committee. Over 600 individuals and institutions responded to this call for evidence, all of which was considered by the committee. A number of individuals who submitted written evidence, as well as a range of stakeholder groups were also asked to provide oral evidence to the committee. Additionally, the committee undertook a number of fact-finding visits to other councils that had implemented changes in governance. All of this information was taken into account by the committee when developing their principles to be taken into account within these proposals.
- 11.3 Furthermore, through the Big City Conversation over 3,000 Sheffield people from across the city have provided their views about their current involvement in local decision making, about both the extent to which and how they would wish to get involved in issues that affect them in future. Although the Big City Conversation survey has not yet concluded, interim results were provided to Full Council at its January meeting, and indicated that although a minority of people get involved in local decisions at the moment, a large majority would wish to be involved, particularly where the decision affects them or their community. People

indicated that they were, however, sceptical about the extent to which their involvement currently has significant influence over the eventual decision taken.

- 11.4 Additionally, people have provided information about a wide range of other issues and have been able to feed through other points in relation to governance and decision making. Events have taken place across the city to gauge people's views, as well as an independently facilitated Town Hall event focused exclusively on the questions of governance. The output from this was submitted as evidence to the OSMC enquiry and the independent chair gave evidence as part of the committee's evidence gathering work.
- 11.5 A full report on the Big City Conversation will be prepared and presented to Elected Members after the close of the survey on 14 February 2020.

12. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

12.1 Equality of Opportunity Implications

- 12.1.1 An initial Equalities Impact Assessment (EIA) has been undertaken and has not found any positive or negative equalities impacts associated with either proposal but the EIA will be kept under review during the remainder of this process.

12.2 Financial and Commercial Implications

- 12.2.1 The cost of the democratic process is currently funded by the Council's General Fund budget. The main cost drivers are the size of the committees and the officer resource required to support Members both through providing secretarial support to the committee and briefing the members of the committee. A unit cost per committee meeting is an artificial figure and may not be indicative of the total cost to the Council if the level of activity changed (because some costs are fixed in nature and would not change if more meetings were to be held). However, if the number and frequency of the Committee model meetings were such that no additional officer resource was required the change might be cost neutral subject to the comment below.
- 12.2.2 Based on current portfolios, a Committee model would have nine themed committees and a Policy and Strategy Committee. The enhanced Leader and Cabinet model would have Cabinet, a Policy Development and Performance Committee and four Scrutiny and Policy Development Committees.
- 12.2.3 Chairs of committees are entitled to allowances in addition to that paid as councillors in respect of their ward duties. The scale of the allowance is determined by the Independent Remuneration Panel. The total cost of the allowances is directly comparable under the two systems as it is a variable cost paid per Chair.

12.2.4 Changes to the operation of the Council's decision making arrangements would be looked at by the Independent Remuneration Panel as part of a review of the Council's Members' Allowances Scheme. The recommendations of the Panel will be considered by Full Council before new arrangements are put in place and at that point there should be sufficient clarity on the scale of the change to calculate financial implications of the proposed arrangements.

12.3 Legal Implications

12.3.1 The legal implications of this decision are largely set out within the report. As noted above at paragraphs 1.5 and 2.2 the Council has a duty to draw up and publish proposals concerning how a committee system would be operated. The Referendums Regulations permit it to provide (whether or not in pursuance of any duty to do so) any other factual information relating to any proposals (such as proposals for an enhanced Leader and Cabinet model as set out in this report) or the referendum; such information must be presented fairly.

12.3.2 Access to Information

Part 4 of the Council's Constitution sets out Access to Information Procedure Rules which apply to meetings of the Council, its Committees, Overview and Scrutiny and Policy Development Committees, Area Committees, the Audit and Standards Committee and Regulatory Committees and to the Executive. The Procedure Rules take account of the requirements of both The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 and the provisions relating to access to Council, committee and sub-committee meetings and documents in Part VA of the Local Government Act 1972.

These rules would need to be reviewed following a change in governance arrangements to ensure they not only fulfil our statutory obligations but also support the Council to meet the ambition that it is a trusted organisation, where decisions are taken in an open and transparent way and accountability is clear.

12.3.3 Political proportionality

The political balance requirements of the Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990 apply, with some limited exceptions, to any committees and sub-committees established under the Constitution. The allocation of seats on committees must be in the same proportion as that in which the council as a whole is divided.

12.3.4 The political balance rules do not apply to the Executive (Cabinet) or the Shadow Cabinet, nor the Licensing Committee (although past and existing practice has ensured that it is politically balanced). In addition, any formal Area Committees established under the Local Government Act 2000 or otherwise meeting the criteria set out in regulation 16A, are similarly exempted. Those criteria are briefly that the area committee

discharges functions of the authority or advises the authority (or a committee of it) only in respect of part of the area of the authority, and all the voting members of it who are council members have been elected to wards wholly or partly within that part of the area.

- 12.3.5 The 1989 Act and the Regulations make provision for alternative arrangements to the political balance requirements to be made in respect of appointments by the Council or a committee to any body if notice of such a proposal is given to each member of the Council or the committee and no member votes against them. Full Council is informed of this each year in the report to the Annual Meeting proposing committee appointments, which states that “Alternative arrangements in not applying strict political proportionality can be put in place provided Council gives unanimous support without any Member dissenting from that approach”.

13. ALTERNATIVE OPTIONS CONSIDERED

- 13.1 The Council must produce a proposal for a committee system before a referendum under the 2011 regulations. There is some scope to look at different designs of committee system. In looking at the outline design of the proposals, the work done by the Overview and Scrutiny Management Committee has been taken into account, including the evidence considered by the Committee relating to approaches taken at different local authorities.
- 13.2 Alternative governance models in operation at other local authorities were looked at by the OSMC during the scrutiny exercise concerning governance. These included strengthened arrangements for pre-decision scrutiny in a Leader and Cabinet model of governance, such as in Rotherham Council and the development of proposals for a committee system underway at Cheshire East Council.
- 13.3 The Council does not have to consider proposals for an enhanced leader/cabinet model as part of the requirements before a referendum. However, we believe it is very important, following the review by the Scrutiny Committee, to reflect on how the existing arrangements work and say how the existing arrangements might be enhanced to help meet the governance principles adopted by Full Council in January 2020.

14. REASONS FOR RECOMMENDATIONS

- 14.1 The Council must produce and publish a proposal for a committee system as required by the 2011 and 2012 regulations. The proposals for a committee system meet the principles endorsed by Full Council in January 2020 and were recommended to Cabinet by Full Council in February 2020.
- 14.2 The proposals for an enhanced Leader and Cabinet model reflect the same principles and were also recommended to Cabinet by Full Council.

- 14.3 The Council will also take into account the governance principles and ways of working in the further development of proposals for either model of governance and following the referendum in May 2020 (as outlined in the further work at Section 9) to enable it to meet its ambitions set out in paragraph 4.2 of this report.

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