



Report to Governance Committee

Author/Lead Officer of Report: David Hollis,
General Counsel and Monitoring Officer

Tel:

Report of: *General Counsel and Monitoring Officers*

Report to: *Governance Committee*

Date of Decision: *11th July 2024*

Subject: *Review of Finance Committee Remit*

Type of Equality Impact Assessment (EIA) undertaken	Initial	<input type="checkbox"/>	Full	<input checked="" type="checkbox"/>
Insert EIA reference number and attach EIA				
Has appropriate consultation/engagement taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

Purpose of Report:

In December 2023 Governance Committee established a dedicated Task and Finish Group to lead the review of Policy Committee remits in line with the recommendations of the Six-Month Review of Governance Arrangements. The review is taking place over the course of 2024 and the results will be presented to Governance Committee over the year, with changes to be recommended to Full Council as an amendment to the Constitution.

One of the key areas of the review was the role of Finance Committee. This report presents the outcome of the Task and Finish Group's work concerning Finance Committee and presents proposals for amendments to its remit which Governance Committee is asked to consider, comment on and agree changes to the Constitution to be recommended to Full Council.

Recommendations:

The Governance Committee is recommended to:

- (a) Consider, comment on and approve (pending further comments and amendments) the proposals in the report; and
- (b) Recommend that Full Council approve the changes to Part 3.3.1 of the Constitution set out in the Appendix to this report.

Background Papers:

Report to Governance Committee 14th December 2023 Review of Policy Committee Remits

[Draft Protocol for Cabinet Reports \(sheffield.gov.uk\)](https://www.sheffield.gov.uk)

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.	Finance: <i>Paul Foster</i>
		Legal: <i>Andrea Simpson</i>
		Equalities & Consultation: <i>Ed Sexton</i>
		Climate: <i>N/A</i>
	<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	SLB member who approved submission:	<i>David Hollis</i>
3	Committee Chair consulted:	<i>Cllr Fran Belbin</i>
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 Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>David Hollis</i>	Job Title: <i>General Counsel and Monitoring Officer</i>
	Date: <i>3rd July 2024</i>	

1. PROPOSAL

1.1 In December 2023 Governance Committee established a dedicated Task and Finish Group to lead the review of Policy Committee remits in line with the recommendations of the Six-Month Review of Governance Arrangements. The review is taking place over the course of 2024 and the results will be presented to Governance Committee over the year, with changes to be recommended to Full Council as an amendment to the Constitution.

1.2 One of the key areas of the review was the role of Finance Committee. This report presents the outcome of the Task and Finish Group's work concerning Finance Committee and presents proposals for amendments to its remit which Governance Committee is asked to consider, comment on and agree changes to the Constitution to be recommended to Full Council.

1.3 Currently Finance Committee is not established as a policy committee and the general reservations to policy committees do not apply to it. Finance Committee may take decisions on specified matters in respect of Finance, the Capital Programme and Property. In relation to Finance these include:

- Monitoring the Council in-year budget each quarter;
- Agreement of overarching Council policies in respect of fees and charges (policies for individual fee or charging schemes sits with the relevant policy committee;
- Agreement upon virements of £500,000 and over **or** representing a major change of policy (any value) from one division of a Service to another or between Services within Directorates or between Directorates and within the approved budget.

The committee has no role in the development of the Council's annual budget or any other Finance policy matter.

1.4 There are two broad proposed changes to the Finance Committee remit. Firstly, that it should have oversight of Service, Financial and Corporate performance and review proposals for the Medium Term Financial Plan (MTFP) and the budget prior to their consideration by Strategy and Resources Policy Committee. Under this proposal it will:

- Receive and consider reports on any performance issue, carrying out reviews of performance and where necessary referring performance matters to the relevant Policy Committee (notifying Strategy and Resources of all referrals);
- Receive and consider regular reports under the Performance Framework, with appropriate escalation (which might be to Full Council via Strategy and Resources);
- Carry out pre-scrutiny on the following year's budget and MTFP.

1.5 The second proposal is that Finance Committee should become a policy committee for the service areas which enable the operation of the Council and whose functions are currently within the remit of Strategy and Resources:

- Finance and Commercial Services
- Legal and Information Governance
- Policy and Democratic Engagement
- People and Organisational Culture
- Transformation
- ICT and Digital Innovation

This logically brings finance policy within the remit of Finance Committee but also covers matters within other areas that have been referred there for decision-making in 2023/24 by Strategy and Resources.

1.6 Any changes to the remit of Finance Committee must align with the corporate responsibilities of Strategy and Resources Policy Committee and its relationship with other policy committees. Strategy and Resources will continue to:

- Consider key cross-cutting policies and key plans that impact on more than one Policy Committee;
- Make decisions that have a significant impact on a cross-cutting issue, strategy or plan, and
- Determine any matter that has a major impact on a number of Council services or the Council as a whole.

1.7 Strategy and Resources will retain responsibility for any issue identified as being of significant strategic importance or financial risk to the Council (which is considered to be by its nature cross-cutting). Finance Committee will however make reserved decisions in relation to grants where they are cross-cutting or do not fall within the remit of another Policy Committee.

1.8 To recognise its new responsibilities it is proposed that the committee's name should be changed to Finance and Performance Policy Committee.

1.9 The Appendix to this report shows the amendments to Part 3.3.1 of the Constitution required to be approved by Full Council to implement the proposed changes. There may be minor consequential changes to other parts of the Constitution which can be agreed by the Monitoring Officer in consultation with the Lord Mayor under delegated powers.

2. HOW DOES THIS DECISION CONTRIBUTE?

2.1 Undertaking the review of Policy Committee remits delivers on the recommendations of the Six Month Review of Governance Arrangements as approved by Full Council in May 2023. It will ensure that our Policy Committees are undertaking their roles effectively and are able to lead key policy areas in line with the ambitions and strategic outcomes in the

Council Plan.

- 2.2 The review ensures that we support the continuous improvement of the committee system, recognising the need to learn from the experience of Members, officers and citizens in how the Policy Committees have functioned to date and considering how Policy Committees can best focus support the delivery of the Council Plan.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 The Six Month Review included a period of engagement as part of the evidence gathering activity. This included Members, officer and some (although limited) citizen perspectives. The Committee's Task and Finish Group has drawn on the insight from the Six Month Review but may also look to undertake further engagement as part of the wider review of remits.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 A full EIA was undertaken to inform the Transition to Committees work and the later Six Month Review of Governance. The EIA to date has focused on the accessibility and practicalities of Policy Committee meeting arrangements rather than the remit but the ongoing remit review provides an opportunity to consider any wider equality issues.
- 4.1.2 The wider remit review should also consider the draft Equalities Framework and review how Policy Committees are undertaking their EDI duties as part of the scope.

4.2 Financial and Commercial Implications

- 4.2.1 There are no financial implications arising directly from this report. The proposed changes to committee remits should not result in an increase in the number (and therefore costs) of meetings to be held. There is no change to the Special Responsibility Allowance paid to the Chair and Deputy Chair of the Finance Committee as the same amounts are paid to Chairs and Deputy Chairs of Policy Committees.

4.3 Legal Implications

- 4.3.1 There are no legal implications arising directly from this report. Any proposals put forward by the Governance Committee must be approved by Full Council as changes to the Constitution in accordance with the duty under section 9P of the Local Government Act 2000 to prepare a constitution and keep it up to date.

4.4 Climate Implications

- 4.4.1 There are no climate implications arising directly from this report and a CIA is not appropriate to be carried out at this stage.
- 4.4.2 It is stated in the Sheffield City Council Constitution of 6 Sep 2023 under the council functions of each policy committee that ‘when devising policy, evaluating service delivery and taking decisions the committee must consider...climate and biodiversity’. The work of each of our committees are impacted by the climate emergency, and affected by other committees’ decisions, and we will only succeed if we take a cross-committee approach to climate action.
- 4.4.3 The proposed changes to the Finance Committee remit, and consequential changes to the Strategy and Resources Policy Committee remit, have been considered against and are compatible with the Committee Climate Statements presented to Strategy and Resources Committee on the 13th December 2023.