



Full Council Report

ISLE OF WIGHT COUNCIL

Meeting	FULL COUNCIL
Date	20 MARCH 2024
Title	FUTURE GOVERNANCE – PROGRESS UPDATE
Report of	FUTURE GOVERNANCE WORKING GROUP/AUDIT AND GOVERNANCE COMMITTEE

Executive Summary

1. This report provides the Audit and Governance committee and Full Council with an update on progress towards the proposal to implement new governance arrangements for the Isle of Wight Council. This follows the resolution by Full Council at its meeting of 17 January 2024 for the Future Governance Working Group to work with the monitoring officer and senior officers on the constitutional changes required to introduce a committee system of decision making, with a progress report provided to Full Council in March 2024. Audit and Governance committee are first invited to consider the report, noting progress to date and to make recommendation(s) to Full Council as considered necessary. Full Council are then invited to consider the progress report.
2. Once the preparatory work has been completed, a report will be brought before an extraordinary Full Council meeting (proposed to be 1 May 2024) to allow for members to give due consideration to the options open to the council before determining its preferred route. If a change is determined, the statutory requirement for Full Council to pass a section 9KC resolution (as set out in the Local Government Act 2000), will need to be made. Should the resolution be passed, there will then be the need to publish the new scheme, making copies of the new governance model and associated implementation details available to the public for inspection. After that, it will be possible for the new arrangements to take effect from Annual Council in May 2024 or at an appropriate future date agreed by Full Council.

Recommendation

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| <ol style="list-style-type: none">3. To note the progress made to date, comment and make contribution to the considerations to be taken account of in the development of the proposals for a change in governance arrangements. |
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Background

4. Full Council at its annual meeting on [17 May 2023](#) considered a motion proposed by Cllr Brodie to consider the introduction of a new committee system of governance for the Isle of Wight Council. Given that there was potential for there to be financial implications arising from such a move, the Chairman advised that under Part 4A of the council's constitution it would be referred to Cabinet.
5. Cabinet at its meeting of [8 June 2023](#) then further considered the motion and the most appropriate route by which the work could be progressed. Cabinet resolved that it would recommend to Full Council that the motion be referred to the Audit and Governance Committee as it was considered to fall within their terms of reference.
6. Full Council at its meeting of [19 July 2023](#) resolved unanimously that:

“Full Council agrees to establish a politically proportionate 'Future Governance Working Group' to make recommendations to Full Council January 2024 via the Audit and Governance Committee regarding moving to a committee system of governance (including the future Committee structure, decision-making powers, etc.). The intention being to recommend for approval a formal resolution to that meeting to bring about such a change in governance with effect on and from the Annual Council 2024.

The Future Governance Working Group shall consist of ten councillors, namely any 3 councillors from the alliance group, any 4 councillors from the conservative group, any 1 councillor from the empowering islanders' group, any 1 councillor from the liberal democrat group, and any 1 non-aligned councillor, plus staff support.

Its terms of reference are to develop a new Committee system of governance for the Isle of Wight Council and to make recommendations for its implementation to Full Council.

In so doing, the Future Governance Working Group shall, amongst other things, consider how other local authorities have made a transition back to the Committee system of governance model and what lessons can be learnt from that experience, and shall consider examples of best practice, to inform those recommendations.”

7. After that meeting, the Future Governance Working Group, chaired by Cllr Brodie was established and became operational to undertake the necessary work required. This group met fortnightly during September and October 2023. Four subgroups were established to include consideration of:
 - Changes to a committee system elsewhere
 - Views of our senior officers/colleagues and elsewhere
 - Possible structures of a committee system
 - Cabinet based alternatives to committees.
8. At the conclusion of the Future Governance Working Group deliberations in November 2023, the Audit and Governance Committee at its meeting of [11 December 2023](#) received a report from Cllr Brodie as chair of the working group, in which it was determined that the working group (with nine votes in favour and one

abstention) would recommend to Full Council that it moves towards the introduction of a committee system with effect from May 2024. The committee noted this recommendation.

9. Full Council at its meeting of [17 January 2024](#) after debate resolved to note the recommendation of the future governance working group made to the Audit and Governance committee and that the working group would now work with the monitoring officer and senior officers on constitutional changes required with a progress report being provided to Full Council in March 2024.
10. Section 9B of the Local Government Act 2000 sets out that a local authority in England must operate one of three forms of governance arrangements.
 - (a) Executive – either in the form of an executive leader and cabinet or a directly elected mayor and appointed cabinet
 - (b) A committee system, or
 - (c) Prescribed arrangements as determined by the Secretary of State.
11. Section 9L(4) of the Local Government Act 2000 also limits the relevant time when a governance change can take effect to that of a local authority's annual meeting. This means that if a change in governance arrangements is agreed, implementation would need to take immediate effect from the Annual Council meeting in May 2024 or the next Annual Council meeting in May 2025.
12. This report therefore provides a further update on the work undertaken since Full Council in January 2024 and the procedural requirements to deliver a change in governance arrangements for the intended change to take effect from Annual Council in May 2024.
13. An officer project group has been established with the chief executive taking the lead as project sponsor. The group, which meets weekly, is compiled of the director of corporate services; corporate governance manager; strategic manager for financial services; communications and engagement officer; deputy monitoring officer and supported by a senior programme manager. In addition to this operational project group, external specialist legal governance advisors have been commissioned through one of the council's approved procurement frameworks to assist with the necessary constitutional re-drafting requirements if the changes in governance arrangements are to be adopted.
14. The Future Governance Working Group has been established as the member review board, meeting fortnightly, and are maintaining oversight of the work being undertaken by the officer project group, as well as to afford direction to the developments underway.
15. A high-level project plan, including the timeline for when key activity is to be undertaken, together with the key decision points (shown at Appendix 1) has been developed to assist in the delivery of the workstream activity necessary to deliver a change in governance arrangements from Annual Council in May 2024. The key procedural decision points for Full Council to instigate any such change within that timescale are:

- (a) An extra-ordinary meeting of audit and governance committee in April 2024 to consider a detailed options report that will allow for members to make an informed recommendation as to whether to proceed with a change in governance arrangements. Audit and governance committee will be invited to make recommendations to Full Council which will then make the formal decision on the preferred option. This report will set out the benefits and disbenefits of each of the options open to the Council and must be taken account of in making a final decision.
 - (b) An extra-ordinary meeting of Full Council (proposed to be 1 May 2024) at which full consideration will be given to the options, the deliberations of the audit and governance committee and their recommendations to Full Council. If there is agreement to proceed, the outcome, in accordance with section 9KC of the Local Government Act 2000, will be the requirement to pass a resolution to introduce a change in governance arrangements and the date upon which it will take effect.
 - (c) To comply with Chapter 4 of the Local Government Act 2000 it will be necessary, as soon as practicable after the passing of the section 9KC resolution, to make available for public inspection a document that sets out the provisions of the new arrangements that are to have effect and publish in one or more newspapers circulating in the area a notice of the changes that are to take effect.
 - (d) The Annual Council meeting, at which, if a 2024 implementation is agreed, will be recommended to approve the new constitution upon which those arrangements will be operated, to agree a new scheme of member allowances, financial regulations, standing orders and appoint a leader and chairs to each of the service committees.
16. Given that there is a stated preference at this point to move towards a committee system of governance with effect from May 2024, an outline committee structure, as proposed by the future governance working group and noted by audit and governance committee at its meeting of 11 December 2024 is the basis upon which the required structural governance changes are being undertaken.
17. Given the short timescale available to the council to deliver the required change by May 2024, a pragmatic approach is by necessity, being taken. Due to the time constraints, the Future Governance Working Group, supported by officers and specialist external legal advisers, are providing the overall direction for the initial introduction of the committee system model.
18. To this end, the working model being proposed for adoption, is that any aspect of the current constitutional arrangements that are not directly affected by the proposed change will be transported across to the new system unchanged. This is to allow appropriate focus to be given to the essential aspects of operating a new governance model. Refinement and more comprehensive arrangements can then be undertaken post implementation and will allow for adjustments to be made once operational experience and learning has taken place. This reflects the fact that Constitution reviews can take over a year to complete. This should therefore be seen as the start of such a process, and it must be acknowledged that working to this timeframe means there will be gaps and/or unresolved issues. There are

therefore risks associated with this approach in that there will be limited opportunity for council members to take a comprehensive view on any constitutional changes being made at this point. However, this approach allows the council to implement the new model at speed, should that be the will of the council and it is intended to specifically provide for review of the existing and new (if adopted) arrangements over the next 12 months, thus providing ample opportunity to both fine tune the new arrangements, and revisit aspects of concern not addressed in this process.

19. However, as long as everyone accepts that the delivery of a new governance model for the council is an iterative process and as such proposals may change or be refined based on feedback from elected members and public engagement activities once any new arrangements have “gone live”, this is achievable. Officers will use their best endeavours to deliver the best solution within the timetable that they can, with those advising them within the timescale and in accordance with the working model adopted.
20. Thus far, the working model of a committee system and as endorsed by Full Council at its meeting of 17 January 2024, (shown at appendix 2) is being based upon the introduction of five, politically proportionate committees and for which terms of reference are being prepared:

- a) An overarching policy, finance, and resources committee, consisting of nine elected members, meeting nine times per year, and which will have responsibility for corporate policy and budget. It will be chaired by the leader of the council with the deputy leader of the council as the vice chair and remaining membership to include the four service committee chairs, and three other members subject to political proportionality. A non-voting place to be made available to the chair of audit and governance committee.

And four service committees, each consisting of nine elected members, meeting four times a year, with committee chairs and vice chair appointments being made by Full Council:

- b) Children’s services committee
- c) Adult social care, public health, and housing committee
- d) Economy, transport, and infrastructure committee
- e) Environment and community protection committee

21. The future governance working group have considered the most appropriate model to assume for the scrutiny of council decisions. In the executive form of governance (leader and cabinet), scrutiny is primarily focussed on scrutinising executive decisions as an important counterbalance to the powers the governance model gives to the executive. A move towards a committee system will allow politically balanced participation and decision making of councillors from all political or non-aligned groups in committees of the council, thus allowing for a full spectrum of views to be heard when decisions are taken. In such a model, scrutiny will not be needed in the same way. It is therefore proposed that there will be no separate overview and scrutiny committees. This means that any residual statutory scrutiny function will be exercised by the committee with responsibility for that function. This will also apply to statutory and external scrutiny requirements. This can be changed in the future if the experience suggests that this is not the most advantageous way in which to approach scrutiny.

22. Other current working model preparations are being undertaken on the basis that:
- (a) Current provisions for urgent decisions and delegations will remain unchanged other than those necessary to fit with a committee model of governance.
 - (b) That the new committee structure will provide for meetings to take place in the evening as is currently in place
 - (c) There will be a total of 100 committee places, a reduction of five based on the current 95 places and up to 10 cabinet places.
 - (d) There be a reduction of Full Council meetings from six to five times a year to include Annual Council and budget meeting.
23. As set out above, once the preparatory work has been concluded, to make a lawful decision, Full Council must consider the options for its future governance arrangements, in making its final decision to proceed with a change, taking account of any recommendations from the audit and governance committee who will have received and examined the options report prior to Full Council.

Corporate Priorities and Strategic Context

24. At the heart of the council's corporate plan 2021 – 2025 are the core values of being community focussed; working together; being effective and efficient and being fair and transparent.
25. The council has been subject to a period of a no overall control administration and is made up of seven representative parties or groups. This is increasingly challenging for council decision making processes and has led to many councillors feeling excluded and unable to fully represent the views of their electorates.
26. By proposing a change in the council's governance arrangements from the current leader and cabinet model to that of a committee system, it will allow all councillors to engage with the council and in decision-making in a different and more participatory way. However, this will be balanced against the advantages that the executive form of governance brings which focuses accountability of decisions on a small group of identified councillors. Both models have their strengths and weaknesses.

Consultation

27. There is no formal statutory duty for the council to undertake public consultation in proposing a change in governance arrangements although it must be mindful of its duties under Section 3 of the Local Government Act 1999 which requires local authorities to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. In fulfilling this duty, the council is obliged to consult with key stakeholders. However, there is statutory requirement for the council to consult with its affected employees, where any changes proposed will change their terms and conditions or contractual requirements of employment. This will be undertaken in accordance with the council's employment policy and procedures and in conjunction with recognised trade unions.

28. As part of the investigative work by the future governance working group, research and engagement with other local authorities, their officers, and elected members and the Local Government Association together with a press release to the Island public seeking views was undertaken. That work is being built upon as part of the preparations for Full Council to fully debate and take a final decision.
29. Following Full Council's endorsement to proceed with the necessary preparatory work to progress towards the introduction of a committee system at its meeting of 17 January 2024, a communications plan has been put in place to build engagement and understanding of the potential changes a move to a committee system will bring (shown as appendix 3). An initial press release has been made to announce the proposed changes together with an email address having been set up to provide a single feedback point for resident views, and briefing events are to be made available for town, parish, and community councils as well as all members.
30. At the point of publication of this report, four responses have been received into the dedicated email address. Three indicating support for the move towards a committee system although one expressing caution about making change at rapid pace. One being against the proposal and concerned that this will incur additional costs for the council at a time of continued financial challenges.
31. Public engagement events will take place at appropriate points in time as proposals take shape and to which all town, parish and community councils will be invited.

Financial / Budget Implications

32. Operating under a committee system is a very different model of decision making as compared with leader and cabinet arrangements. Decisions are taken through cross party committees, and this will require the organisation to review how it can adequately engage with and support members in its operation. To that end, the resourcing implications are under careful consideration, taking account of the changes that will both relinquish officer time and potentially increase it under a new model. Members will need to be satisfied that while seeking to achieve a cost neutral position for a change in governance arrangements, that it has been realistic in the number of scheduled meetings it determines to allow for all the council's business to be conducted and which can be adequately resourced by relevant officer support. As the detail of the format of the committee structure develops, it will then be possible to make a recommendation of any financial implications associated with democratic and wider organisational professional advisory support.
33. Operating under a committee system will require councillors to engage in council business in a different way. This will mean that the Independent Remuneration Panel will need to review the new arrangements and make proposals for changes to members allowances. The role and responsibilities for the chair of a committee is significantly different to that of a cabinet member and as such these considerations will need to be taken account of. There is an assumption that there will be no increase to the current budget envelope that is assigned to the remuneration of elected councillors for the Isle of Wight Council. The Local Authorities (Members' Allowances) (England) Regulations 2003 requires each local authority by 31st March each year to adopt the scheme of allowances for the following year. This means that it will be necessary for Full Council to initially agree a member's allowance scheme for the current leader and cabinet model at its March 2024 meeting. If a

formal resolution is passed to change governance model, it will then be necessary to adopt an entirely new members allowance scheme. To ensure that a new scheme can be adopted to reflect any change in governance arrangements, discussions are currently underway with the chair of the Independent Remuneration Panel. The formal panel will be convened as soon as possible to agree initially an interim scheme following which a full scheme will be developed at the earliest opportunity.

34. It is important to emphasise that the operation of new ways of working need to remain cost effective and reflect modern best practice. It is therefore proposed to maximise the use of information technology as far as possible, and members will be asked to consent to receiving meeting summons and papers electronically. However, statutory requirements for availability of printed copies for members of the public, and councillors who do not consent to receiving electronic documents and in areas where there are specific needs which would impact of equality of access considerations will be honoured.
35. Given the extremely challenging timescale in which to plan and mobilise all the necessary statutory and practical operational aspects that a change in governance arrangements requires, additional capacity has been sourced utilising an approved procurement framework to assist with the drafting of the essential constitutional elements that a committee system will bring. This is being funded from within existing budgets.

Legal Implications

36. The Local Government Act 2000 sets out the permitted forms of governance for local authorities which are:
 - Executive arrangements – which can take the form of either a directly elected mayor and cabinet appointed by the mayor, or an executive leader appointed by Full Council and cabinet appointed by the leader.
 - A committee system, or
 - Prescribed arrangements as determined by the Secretary of State
37. The council currently operates an executive leader and cabinet model of governance. The legislative provisions for changing its governance arrangements are set out in Chapter 4 of the Local Government Act 2000. Section 9KC of the Act stipulates that a resolution of a local authority is required for the authority to make a change in governance arrangements. The act also provides that the “relevant change time” for the purposes of Chapter is a time during
 - (a) the first annual meeting of the local authority to be held after the resolution to make the change in governance arrangements is passed, or
 - (b) a later annual meeting of the local authority specified in that resolution.
38. Therefore, when full council make their decision as to whether to change the form of governance full council will also be asked to agree and confirm the date on which it should take effect, that being a date of a future Annual Council meeting.
39. After a resolution has been made, as soon as practicable after, the local authority is required to:

- a) secure copies of a document setting out the provisions of the arrangements that are to have effect following the resolution are available at its principal office for inspection by members of the public and,
- b) publish in one or more newspapers circulating in its area a notice which:
 - i) states that the authority has resolved to make a change in its governance arrangements
 - ii) states the date on which the change is to have effect
 - iii) describes the main features of the change
 - iv) states that copies of a document setting out the provisions of the arrangements that are to have effect following the resolution are available at the authority's principal office for inspection by members of the public, and
 - v) specifies the address of the authority's principal office.

40. The local authority may not pass another resolution that makes a change in governance arrangements before the end of the period of five years beginning with the date of the resolution passed unless a referendum is held.

41. An employment contract between an employer and an employee is a legally binding agreement. Under the Information and Consultation of Employees (ICE) regulations the council has formal arrangements with its recognised trade unions for the purposes of keeping staff informed and consulted upon important matters and decisions that may affect or change their terms of employment. It is unknown at this stage whether there will be any substantial changes required but it will necessitate different methods of working and potentially more out of normal working hours to be accommodated and these matters will need to be carefully worked through and impacts fully understood on the operation of the council's business.

Equality and Diversity

42. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

43. Under the Equality Act 2010 we are required to have due regard to our equality duties when making decisions, reviewing services, undertaking projects, developing, and reviewing policies. A draft equality impact assessment has been prepared and will be updated as feedback from councillors, members of the public and staff is received and the proposals for a new form of governance take shape. This will then form the basis of the final report to Full Council at its extraordinary meeting in May 2024 that will consider whether to confirm a change to the council's governance arrangements.

Options

44. There is insufficient detail available to councillors at this point with regards to the proposed arrangements for the introduction of new governance arrangements, so it is not yet possible to pass any formal resolution for change. This report seeks to keep members of the council informed on the progress being made and the plans in place to enable a lawful decision at the appropriate time. Options open to members are:

45. Option 1:

To note the progress made to date, comment and make contribution to the considerations to be taken account of in the development of the proposals for a change in governance arrangements.

46. Option 2:

To note the progress made but determine no further work be undertaken and to leave existing governance arrangements in place.

This would not be in accordance with the wishes of Full Council at its meeting of 17 January 2024 to recommend for approval a formal resolution to bring about a change in governance arrangements with effect from Annual Council in May 2024.

Risk Management

47. The main risk associated with the delivery of a change in governance arrangements for the council by May 2024 is that of organisational capacity due to the challenging timescale in which to adequately prepare all the components necessary to make a lawful decision and to avoid potential governance failures that may arise as a consequence of insufficient time to duly consider all elements of operation that will bring about the changes in governance being sought and allowing time to embed such change into our organisational model. As a matter of high importance to members, relevant officer resources have been drawn in to assist with the planning and preparation and a project plan and indicative timeline established to identify the key elements of activity required. In addition, the council has sought to bring in additional external specialist capacity to support the delivery of required constitutional changes and governance advice necessary to conclude the work to be undertaken.

48. However there remains a risk with working at pace to deliver a change. This is addressed in paragraphs 18 and 19 of this report. Members should note the consequences of moving with pace, and content/limitations of what has been achieved to deliver that as well as the length of the overall programme and the ongoing review of the Constitution both to reflect upon the operation of the new arrangements and fine tune them as required, but also generally to address matters that members (and officers) have identified need change but will not be addressed by this process .

49. The council must also be mindful that there is the Police and Crime Commissioner election taking place on Thursday 2 May 2024 which will also be a draw upon the

commitments of some key officers required to support the delivery of this piece of work. Additional pressure will be evident should it be the case that a general election is also called at the same time which will see the operation of two parliamentary constituencies for the Isle of Wight and for the first time. The Council cannot afford reputational damage if it were not to discharge its duties in the effective management and delivery of elections and any failure is likely to warrant Electoral Commission intervention and potential legal action. This work has been factored into the project risk register (shown at appendix 4).

50. Evidence from other local authorities that have instigated such a governance model change have afforded a minimum period of twelve months from the point of passing a Section 9KC resolution to implementation to allow for all the considerations and preparations to take place efficiently and effectively. This allows for all members to be fully engaged in the preparation of the constitutional changes necessary for a change in governance arrangements; refresh elements that require improvement; member and officer familiarisation with new operating procedures through shadow committees. This approach, however, does not guarantee that there will be no imperfections and constitutional amendments and improvement remain an on-going aspect of council business. Full Council has indicated that to resolve what it considers to be the need for improvements in its current governance arrangements that an urgent move to a change in approach to decision making from May 2024 will improve that situation. To seek to achieve that ambition, it will be necessary to limit the number of constitutional changes it makes to those which are essential to the introduction of a committee system and to proceed with limited member engagement at the initial stage. Members will therefore need to accept that much of the current constitutional provisions will remain unchanged and that there will be no opportunity for full engagement in the design of the changes necessary. If a section 9KC resolution is passed and a change date of May 2024 agreed, there will need to be the instigation of a formal review of constitutional provisions which will take account of experience in the operation of the new system as well as to address the “snagging” list of amendments that are already set to be reviewed.
51. A change to a committee system will introduce a system of decision making that will be new to many councillors and officers. There will be no opportunity to operate shadow committees and as such there is a likelihood that sufficient knowledge and experience cannot be gained by the point of implementation and there is potential for mistakes to be made. Training and information giving sessions will be undertaken as far as is reasonably possible prior to implementation for staff and officers and that will continue post implementation. This will be a learning experience in which there will need to be tolerance of potential unintended mistakes to be made. The committee calendar for the year will also need to be reviewed, with a new set of dates to be determined to accommodate a new committee structure. It is important therefore that there is understanding from everyone involved that current planned diary dates may by necessity be changed.
52. There is the potential for our public to be confused about the changes and what they will mean to them and how the council is to be operated going forward. A communications and engagement plan has been prepared to address this factor and to ensure that the changes are carefully communicated to members of the public, our partner organisations, and other stakeholders and that there is appropriate opportunity for engagement in the process, with the ability to contribute

to its development.

Evaluation

53. Full Council has determined by way of resolution that it wishes to consider change to its current governance arrangements by a move towards the introduction of a committee system. This stems from the challenges that have been identified with a no-overall control administration. To address this situation, Full Council currently believes that a move to a committee system will allow for greater collaboration across the different party groups and non-aligned members; afford more credibility in council decision making by better engagement of all elected members and increase transparency in the decision-making process to members of the electorate.
54. If the proposal to make a change to the council's governance arrangements is to be May 2024, then this is extremely challenging given the statutory duties that must be adhered to, and operational preparation undertaken to make an informed and lawful decision. A project plan and indicative timeline is in place to seek to meet that proposed deadline. To deliver against that challenging deadline there is acceptance that the decision is the key element to the process, with operational efficiency taking place post May 2024.
55. At this point, it is not possible to provide members with the full details of the proposed new governance arrangements but an indication of the framework through which progress to date is set out in this paper. Members are therefore recommended to endorse option 1.

Appendices Attached

56. Appendix 1: High level project plan
57. Appendix 2: Indicative committee system structure
58. Appendix 3: Communications and engagement plan
59. Appendix 4: Project risk register

Background Papers

60. Annual Council – [17 May 2023](#) consideration of motion from Cllr Brodie
61. Cabinet - [8 June 2023](#) consideration of referred motion from Full Council
62. Full Council - [19 July 2023](#) consideration of Cabinet recommendation
63. Audit and Governance Committee - [11 December 2023](#) Future Governance Working Party Update Report
64. Full Council - [17 January 2024](#) – Future governance arrangements update
65. Contact Point: Claire Shand, Director of Corporate Services, ☎ 821000 e-mail claire.shand@iow.gov.uk

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