

Minutes of a meeting of the Corporate Governance Committee held at County Hall, Glenfield on Friday, 25 September 2015.

PRESENT

Mr. A. M. Kershaw CC (in the Chair)

Mr. G. A. Boulter CC  
Mr. G. A. Hart CC  
Mr. K. W. P. Lynch CC

Mr. T. J. Richardson CC  
Mr. S. D. Sheahan CC  
Mr. R. J. Shepherd CC

65. Minutes of the meeting held on 12 June 2015.

The minutes of the meeting held on 12 June 2015 were taken as read, confirmed and signed.

66. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 35.

67. Questions asked by members under Standing Order 7(3) and 7(5).

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

68. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.

There were no urgent items for consideration.

69. Declarations of interest in respect of items on the agenda.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

Mr Shepherd CC and Mr Lynch CC declared personal interests in item 6: External Audit of the 2014/15 Statement of Accounts, as members of the teachers' pension scheme.

Mr Richardson CC declared a personal interest in item 9: Quarterly Treasury Management Report as he was in receipt of a pension from Lloyds Bank.

70. External Audit of the 2014/15 Statement of Accounts and the Annual Governance Statement.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to present the findings from a review by the Council's external auditor of the

2014/15 financial statements. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

The Chairman welcomed Richard Bacon and Matthew Elmer of PricewaterhouseCoopers (PwC) to their last meeting as external auditors before KPMG took over the role. Thanks were given to Richard and Matthew for their work over the previous 6 years and the positive working relationship they had helped create with Leicestershire County Council. Richard Bacon thanked officers for their professionalism during the external audit work and praised the Council for having proper regard to the processes.

Arising from discussion, the following points were noted:

- i. No material weaknesses had been identified and it was anticipated that an unqualified audit opinion would be issued. Whilst there were challenges ahead the Council had sound arrangements in place to deal with those challenges. PwC had reviewed the assumptions which lay behind the MTFS and had identified no concerns. Leicestershire County Council had a strong track record and its assumptions had proved to be accurate in the past. However, if there was a change in the global economy those assumptions would need to be reassessed.
- ii. Although the Government were encouraging Local Authorities to use their reserves to lessen the impact of budget cuts, PwC were of the view that the County Council's reserves were at an appropriate level, though they advised that the levels should be continually monitored in future. In response to a question regarding whether there would be scrutiny of whether the reserves were sufficient for the transformation programme, the Committee was reminded that there was a Governance framework in place including the Transformation Board, and the MTFS would be considered at County Council and Cabinet meetings.
- iii. It was noted that there was a risk of corporate memory being lost due to staff redundancies, however workforce planning work had been undertaken to deal with the issue. Redundancies could also cause skills to be lost from the Council however senior managers were conscious of this and the issue would be picked up through the internal management processes.
- iv. The Council would not be affected by the decision of the Pension Ombudsman in the case of Milne v Government Actuary's Department (GAD) because the decision did not affect employees of the County Council.
- v. Evaluation would take place regarding the value for money of the street lighting project however as it was in the early (procurement) stages this would not take place for at least 2 years.

RESOLVED:

(a) That the External Audit of the Financial Statements be approved;

(b) That it be agreed that PwC's conclusion on its independence and objectivity, as contained on page 14 of the Appendix to the report (page 25 of the agenda), be agreed.

#### 71. Ombudsman Annual Review 2014-15 and Corporate Complaint Handling.

The Committee considered a joint report of the Chief Executive and the Director of Corporate Resources, the purpose of which was to inform Members of the Ombudsman Annual Review letter for the Authority for 2014/15 and to provide Members with an

update on improvements to the Corporate Complaints procedures. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

It was noted that for the twelve month period ending 31 March 2015 there had been 61 complaints against the County Council which was a significant reduction compared to the previous such period. It was reported that complaints issues were being better resolved within the County Council and when those issues had not been resolved the County Council had been able to provide evidence to the Ombudsman as to the reasons why. The County Council had accepted all of the Ombudsman's recommendations from that period. The County Council policy was to accept the Ombudsman's recommendations as far as possible because disputes would lead to a public report on the case which could cause reputational damage to the authority.

Whilst the Ombudsman's Annual Review reported that nationally waiting times for complaints to be resolved were too long, this was not the case for Leicestershire County Council. For the 2014/14 financial year 96% of Corporate Complaints against the County Council had been resolved within 20 working days. Statutory social care complaints tended to be more complex and take slightly longer however in this area 90% were still resolved within 20 working days.

Although it was not thought there were problems regarding the accessibility of the complaints procedures for Leicestershire County Council, a new Corporate Complaints leaflet was being produced and the complaints section of the website was being refreshed.

There was a statutory obligation for local authorities to have a report regarding complaints considered at Cabinet meetings however Leicestershire County Council went further than was required and complaints were considered by Scrutiny Committees as well.

Consideration was given to the best method of making all Members aware of the Councillor Workbook entitled 'Handling complaints for service improvement'. It was suggested that the Workbook could be put on the agenda of a future meeting of the Member Learning and Development Working Party.

In answer to a query regarding the timely acknowledgement of enquiries the Committee was informed that the customer service standards required an acknowledgement to be sent within 3 days. It was noted that it was difficult for the Corporate Complaints team to monitor whether these service standards were being complied with across the organisation but that the issue would be considered at the next meeting of the Customer Care Steering Group. The County Solicitor would report back to the Committee on progress with this issue.

#### RESOLVED:

- (a) That the contents of the report be noted;
- (b) That a copy of the report and Appendices B and C to the report be circulated to all members of the County Council for information.

72. Annual Report on the Operation of Members' Code of Conduct 2014-15.

The Committee considered a report of the County Solicitor, the purpose of which was to advise members on the operation of the Members' Code of Conduct since the last annual report to the Committee in September 2014. It was noted that no complaints against Members had been received during that period.

Discussion took place regarding the changes to the Officers Code of Conduct and in particular the requirement that a decision to dismiss the Head of the Paid Service, the Monitoring Officer or Chief Financial Officer be approved by the full Council. It was noted that this requirement raised the question as to which members could then deal with any appeal against dismissal, and the County Solicitor informed Members that no guidance had been received from the Government on this problem. It was suggested one solution may be for a limited number of Members to absent themselves from the full Council meeting which made the decision, to enable them to sit on the appeals panel. However, this potentially raised further problems.

RESOLVED:

That it be noted that no action was required to be taken by the Monitoring Officer in discharging his responsibilities under the Procedure for dealing with allegations of a breach of the Members' Code of Conduct because no complaints had been received.

73. Quarterly Treasury Management Report.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide an update on the actions taken in respect of treasury management in the quarter ended 30 June 2015. A copy of the report marked 'Agenda Item 9', is filed with these minutes.

In response to a question regarding how counterparties were assessed, Members were informed that the assessment was based on credit ratings using the methodology of Capita the County Council's Treasury Management advisor and that whilst officers were aware of potential concerns around the ethical status of certain counterparties this did not limit the ability of officers when deciding where to place funds to the best financial advantage to the County Council.

RESOLVED:

That the Quarterly Treasury Management update be noted.

74. Risk Management Update.

The Committee considered a report of the Director of Corporate Resources which provided an overview of key risk areas and the measures being taken to address them. The report also provided an update on related risk management matters and counter fraud initiatives. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

The Committee also received a presentation on the risks associated with the County Council's work regarding Child Sexual Exploitation in Leicestershire. A copy of the slides forming the presentation is filed with these minutes.

### Presentation – Child Sexual Exploitation (CSE) in Leicestershire.

The Committee received a short presentation which set out the governance arrangements in relation to the Council's response to the Independent Inquiry into Child Sexual Abuse (the National Goddard Inquiry) and the sub-regional governance responsible for the Child Sexual Exploitation service.

It was noted that lessons learned through national inquiries such as the Jay Report, which considered the CSE and other related issues in Rotherham were being reflected in Leicestershire's response to the issue.

The Committee welcomed the presentation, the update on the positive partnership working in this important area as well as the robustness of the governance in place. It was noted that future presentations to the Committee would be considered in due course.

### Risk Register

It was clarified that where it stated 'The Council does not have the capacity to meet the demand on the CSE service' under Risk 7 on page 111 this was a perceived risk rather than a factual state of affairs.

With regard to the risk that the £5.5m funding received for implementing the Care Act could be claimed back by the Government, Members were informed that £2.0m was at a high risk of being claimed back but it was possible that the whole £5.5m could be claimed.

It was clarified that reference to 'front loading' in risk 1.1 of the register on the MTFs regarded the possibility that the Government could make the majority of the funding cuts during the first year of the 5 year cycle.

The Committee was informed that over the summer there had been considerable counter fraud activity and more was to be reported in November, so it was thought that even though it was not on the Corporate Risk Register, mitigating the risk of fraud was a suitable topic for the next presentation.

### **RESOLVED:**

- (a) That the current status of the strategic risk, the addition of new risks facing the Council and the updated Corporate Risk Register be approved.
- (b) That the Council's initiatives to improve the prevention and pursuit of fraud be noted.
- (c) That a presentation be provided at the next meeting of the Committee on mitigating the risk of fraud.

### **75. Internal Audit Service Progress Report.**

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide a summary of the work finalised by the Internal Audit Service since the last report to the Committee and to highlight audits where high importance recommendations had been made to managers. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

RESOLVED

That the contents of the report be noted.

76. Dates of future meetings.

RESOLVED:

That the next meeting of the Committee be held on 17 November 2015 at 10:00am.

10.00 am - 12.00 pm  
25 September 2015

CHAIRMAN