



Meeting: **Corporate Governance Committee**

Date/Time: **Friday, 5 November 2021 at 10.00 am**

Location: **Sparkenhoe Committee Room, County Hall, Glenfield**

Contact: **Mrs L Walton (tel: 0116 305 2583)**

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Membership

Mr. T. Barkley CC (Chairman)

Mr. N. D. Bannister CC Mr. J. G. Coxon CC
Mr. D. C. Bill MBE CC Mr. J. T. Orson JP CC
Mr. G. A. Boulter CC Mr. T. J. Richardson CC

AGENDA

<u>Item</u>	<u>Report by</u>	
1. Minutes of the meeting held on 23 July 2021.		(Pages 3 - 10)
2. Question Time.		
3. Questions asked by members under Standing Order 7(3) and 7(5).		
4. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.		
5. Declarations of interest in respect of items on the agenda.		
6. Appointment of External Auditor.	Director of Corporate Resources	(Pages 11 - 18)
7. Local Government and Social Care Ombudsman Annual Review 2020/21 and Update on Complaints and Freedom of Information Requests.	Chief Executive and Director of Corporate Resources	(Pages 19 - 56)



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|-----|--|---------------------------------|-------------------|
| 8. | Revised Members' Code of Conduct and Protocol on Member/Officer Relations. | Director of Law and Governance | (Pages 57 - 98) |
| 9. | Risk Management Update. | Director of Corporate Resources | (Pages 99 - 124) |
| 10. | Clinical Governance Annual Report. | Director of Public Health | (Pages 125 - 142) |
| 11. | Internal Audit Plan and Progress Report. | Director of Corporate Resources | (Pages 143 - 166) |
| 12. | Quarterly Treasury Management Report. | Director of Corporate Resources | (Pages 167 - 174) |
| 13. | Dates of future meetings. | | |

Future meetings of the Corporate Governance Committee are proposed to be held on the following dates in 2022:

- Friday 28th January at 10.00am
- Friday 13th May at 10.00am
- Friday 23rd September at 2.00pm
- Monday 21st November at 10.00am

14. Any other items which the Chairman has decided to take as urgent.



Minutes of a meeting of the Corporate Governance Committee held at County Hall, Glenfield on Friday, 23 July 2021.

PRESENT

Mr. T. Barkley CC (in the Chair)

Mr. N. D. Bannister CC
Mr. D. C. Bill MBE CC
Mr. G. A. Boulter CC

Mr. J. G. Coxon CC
Mr. J. T. Orson JP CC
Mr. T. J. Richardson CC

20. Minutes.

The minutes of the meeting held on 4 June 2021 were taken as read, confirmed and signed.

21. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 34.

22. 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).

23. Urgent Items.

There were no urgent items for consideration.

24. Declarations of Interest.

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

Mr. T. J. Richardson CC declared a personal interest in agenda item 11 (Quarterly Treasury Management Report) (minute 30 below refers) as he was in receipt of a pension from Lloyds Bank Plc.

25. 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 and an update on counter fraud initiatives. A copy of the report marked 'Agenda Item 6', is filed with these minutes.

As part of this item, the Committee also received a presentation on Corporate Risk 9.4 on the Corporate Risk Register (If climate change impacts happen more frequently or at a

greater intensity than anticipated, then there is the risk that County Council services will be negatively affected). A copy of the presentation slides is filed with these minutes.

Risk Presentation

Arising from discussion and questions the following points arose:

- (i) In regard to drainage assets it was clarified that the legacy network referred to in the slides related to small drains below 1.5 metres in diameter. The Flood Risk Management Team had carried out an extensive exercise to map as many of these drains as possible across the County to enable risk assessments and ratings of each individual drain to be undertaken. The processes for carrying out the mapping and risk assessments were complex with physical exploration often being required, but good progress was being made. Around 600 or 700 additional small drains had been mapped so far but it was believed many more remained to be discovered.
- (ii) One of the duties the Council was required to carry out under the Flood and Water Management Act was to investigate flooding incidents. The procedure for carrying out the investigations required a great deal of meticulousness and involved many different parties, which often impacted on flooding response times and any future mitigations that might be put in place.
- (iii) Regular consideration was given to investments in highways assets and infrastructure. There was a variety of road treatments available and various factors to consider before investments were made. For example, surface treatment was more susceptible to melting than conventional treatments but was cheaper and caused less disruption of traffic. Another example was that the Council had been using polymer modified binders on major roads, which improved temperature resistance. However, this type of product was unsuitable for use on minor roads.
- (iv) It was queried, given the impact severe weather conditions had on the rail network and in turn the local economy, whether there had been any discussions between the Council and Network Rail regarding this matter. It was stated that where the risks to railways were concerned there were boundaries in terms of the Council's assessments. However, any knock-on effects from weather impacts on Network Rail were something that would be considered.
- (v) Whilst discussing the impact the jet stream could have on the UK's weather, it was confirmed that it was too early to say whether there had been a major change to the UK's climate projections. Local assessments relied upon the best available projections which were published by the Met Office in 2018. However, additional information that was emerging internationally suggested that the risks for certain weather events were being underestimated. This meant that extreme weather events could be even more likely than the Met Office forecasted. A major update of the official data used to produce the projections was not expected in the short term, so whilst the Met Office projections were closely followed efforts were also made by the Environment and Transport Department (ETD) to keep informed in other ways of the changing risks.
- (vi) A member commented that soil in certain areas of Leicestershire like Melton was particularly rich in clay, so if extreme weather conditions continued, certain industries and structures such as agricultural and bridges that had been formed in

those areas would be more susceptible to flooding and subsidence in later years and the risk would increase over time.

Risk Management Update

Arising from discussion the following points arose:

- (i) In response to a question regarding the potential implications of the Environment Bill, which was expected to be introduced by Central Government, to the Council as a Waste Disposal Authority, it was reported that the ETD had confirmed that risks around specific changes to legislation were covered in the Departmental Risk Register. Currently, it was expected that the Council should have a degree of protection from the main potential new burden cost risks due to mitigating actions already in place. However, the ETD would continue to engage with the Government and trade bodies to monitor the situation. The Director undertook to circulate the full update from the ETD to members of the Committee outside of the meeting.
- (ii) The webinars regarding the risk of cyber-crime that Leicestershire Police had recently launched for Leicestershire's schools and academies as a result of the Council working in conjunction with the Leicestershire Police's Cyber Crime Unit were welcomed. The Director undertook to enquire and confirm to Committee members outside of the meeting whether Leicestershire Police intended to carry out any more webinars of this kind. The need for Leicestershire Police to continue to take action to mitigate the cyber risk in schools was highlighted and assurance was given that the high-level nature of the national risk was fully recognised by the Police and that action was being taken.
- (iii) It was too early to know the full impact of the 'Pingdemic' issue (where a large number of people had been told by the NHS Covid App to self-isolate) to Council services, but confirmed that the situation would be kept under review under the usual risk management processes. It was expected that depending on the severity of any impact, action plans put in place to manage the impact of the Covid-19 pandemic in the earlier stages may also need to be relied upon again.
- (iv) In terms of the potential effects, such as staff shortages, of the 'Pingdemic' on the Home Care Service and the re-procurement, which was currently underway, the same approach would be taken. Unfortunately, the impacts of the Pandemic to Council services were inevitable, but processes to manage issues such as PPE provision were now well established offering a robust level of mitigation. Another mitigating factor was that as the demand for home care services had increased, more people were currently working in the care sector. Members noted that the re-procurement of the Home Care Service was different to the last in that the model of service delivery was based upon an open framework of providers who had bid to work in Leicestershire, so a less disruptive implementation was anticipated.
- (v) The RAG rating for Corporate Risk 7.3 (If the Adults and Communities Department fails to develop and maintain a stable, sustainable, and quality social care market to work with it may be unable to meet its statutory responsibilities) remained Red because although the overall risk score had reduced from 20 to 16, under the Council's Risk Management Policy and Framework the score needed to reduce to 15 or below to move out of the highest risk category. The risk was expected to gradually decrease over time.

- (vi) It was agreed that consideration would be given by the Director of Corporate Resources when finalising the agenda for the Committee's next meeting to whether a risk presentation was needed, or other agenda items should be prioritised and requested that officers make a recommendation to the Chairman of the Committee at the appropriate time on how to proceed.

RESOLVED:

- (a) That the current status of the strategic risks facing the County Council be approved and the Director be requested to give consideration to the comments now raised;
- (b) That the contents of the presentation provided on Corporate Risk 9.4 (if climate change impacts happen more frequently or at a greater intensity than anticipated, then there is the risk that County Council services will be negatively affected) be noted;
- (c) That the Director of Corporate Resources be requested to give consideration when finalising the agenda for the Committee's next meeting to whether a risk presentation was needed, or other agenda items should be prioritised and make a recommendation to the Chairman of the Committee on how to proceed;
- (d) That the updates regarding emerging risks and counter fraud initiatives be noted;
- (e) That the update from the Environment and Transport Department regarding management of potential risks to the Council which may arise from the requirements of the Environment Bill be circulated to members of the Committee outside of the meeting.
- (f) That the Director of Corporate Resources be requested to enquire outside of the meeting whether further police webinars regarding the cyber risks in schools are planned.

26. Annual Report on the Operation of the Members' Code of Conduct 2020/21.

The Committee considered a report of the Director of Law and Governance regarding the operation of the Council's Members' Code of Conduct from July 2020 to date. A copy of the report marked 'Agenda Item 7', is filed with these minutes.

Regarding the revised Local Government Association Model Code of Conduct and the local discussions taking place to seek commonality of code across the Leicestershire County and District Councils, the Director confirmed the District Councils worked closely with the Parish Councils and there was an intention to consult with the Leicestershire and Rutland Association of Local Councils as part of the process of trying to achieve a model code.

RESOLVED:

That the annual report on the operation of the Members' Code of Conduct 2020/21 be noted.

27. Supplier Code of Conduct.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to advise of work undertaken to refresh the Supplier Code of Conduct and seek the Committee's support to implement the refreshed Code with immediate effect. A copy of the report marked 'Agenda Item 8', is filed with these minutes.

RESOLVED:

That the work undertaken to refresh the Supplier Code of Conduct attached as an appendix to the report be welcomed and the proposal to implement the Code with immediate effect be supported.

28. Draft Annual Governance Statement 2020/21.

The Committee considered a joint report of the Director of Corporate Resources and the Chief Executive, the purpose of which was to outline the background and approach taken to produce the County Council's 2020/21 draft Annual Governance Statement (AGS) and present the draft AGS for comment prior to sign off by the Chief Executive and Leader of the Council. A copy of the report marked 'Agenda Item 9', is filed with these minutes.

RESOLVED:

- (a) That the Draft Annual Governance Statement for 2020/21 attached as an appendix to the report be noted and supported without amendment;
- (b) That it be noted that there are no significant governance issues in the Draft Annual Governance Statement 2020/21;
- (c) That it be noted that the Annual Governance Statement, which may be subject to such changes as are required by the Code of Practice on Local Authority Accounting, has been prepared in accordance with best practice;
- (d) That the CIPFA Audit Committee Update Guide attached as an appendix to the report be noted.

29. Internal Audit Plan and Progress Report and Further Update on Developments in Local (External) Audit Arrangements.

The Committee considered a report of the Director of Corporate Resources, which summarised the work conducted during the period 15 May to 18 June 2021, highlighted audits where high importance recommendations had been made and provided a further update on local (external) audit arrangements from 2023 and beyond. It also introduced a proposal to shorten internal audit planning cycles to six month periods. A copy of the report marked 'Agenda Item 10', is filed with these minutes.

In introducing the report, the Head of Internal Audit and Assurance Service (HoIAS) reported that there had been two parliamentary committee reports published during the week leading up to this Committee meeting which related to the developments in local (external) audit arrangements. One was a Public Accounts Committee report which had been quite critical of Central Government and recommended it should ensure that the Public Sector Audit Appointment's (PSAA) next procurement exercise supports a new fee

regime for local government audit to bring fees in line with the costs of the work entailed and create an appropriate funding structure. The Committee had requested responses back on the recommendation by the end of September 2021.

A further report had been published by the Housing, Communities and Local Government Select Committee which appeared to indirectly support the PSAA led procurement option by recommending that the Government removed the ability for local authorities to choose their own auditors as the Committee felt there was a risk that auditors might be reluctant to raise potential problems for fear of losing their contract.

Arising from discussion the following points arose:

- (i) A member commented that each update arising from the Redmond Review seemed to imply that more and more onerous conditions were to be placed upon local authorities in respect of corporate governance. The opinion of the HoIAS was sought about what the likely impact on the Committee's workload would be if the recommendations from the Review were accepted. The HoIAS said that the situation was complex with certain elements relying on Central Government decision making and changes to legislation being brought in, which meant that some developments would take longer to see than others (in some cases a number of years). There was also ongoing concern and discussion around the continuing problem with retaining and recruiting external auditors of quality.
- (ii) The HoIAS stated that in his experience, traditionally, Governance had always been seen by the County Council as being extremely important in terms of how the Authority functioned and that thinking was expected to continue, so it was felt the Council was in a reasonably positive position to manage many of the changes and additional requirements that were either already in place or proposed for the future. It was felt that a number of the requirements would potentially strengthen the Committee's role and be beneficial to the Council as a whole, but additional work for the Council was to be expected - for the Committee this was likely to mean additional matters to consider as developments evolved. For example, one of the localised recommendations required that consideration be given to the prospect of an independent member joining the Corporate Governance Committee membership.
- (iii) Some other developments in external audit and governance had already been progressed for example, external auditors were now working to a new code of audit practice which had elevated their work around Governance. As part of their audit work, interviews with key people were now expected to be more rigorous. Grant Thornton LLP UK, the County Council's External Auditors, was in the process of arranging these interviews which were likely to require some level of member involvement. Another development was that external auditors were now required to provide a narrative report as part of their value for money opinion, which the Committee would be required to consider alongside other reports. External auditors were now also required to produce an annual report for Full Council which it was anticipated the Committee would also be required to consider at the appropriate time.
- (iv) Concern was raised that the dates to complete the high importance (HI) recommendations relating to Direct Payments (Personal Budgets) had been further extended. It was acknowledged that there had been a series of previous extensions for the reasons previously reported to the Committee, due to the

impact of the Covid-19 pandemic which had required a large number of staff to be redeployed to assist in other Council service areas. Assurance was provided that the Internal Audit Service regularly followed up with Departments until sufficient progress had been made with HI recommendations. It was hoped that the recommendations relating to Direct Payments would be concluded in line with the further date extension. The Committee requested that if the HI recommendations relating to Direct Payments were still outstanding at the time of the Committee's next meeting, the Director of Adults and Communities be requested to attend and provide an update explaining why these had not been concluded.

RESOLVED:

- (a) That the Internal Audit Plan and Progress Report and further update on developments in local (external) audit arrangements be noted.
- (b) That if the high importance recommendations relating to Direct Payments are still outstanding at the time of the Committee's next meeting, the Director of Adults and Communities be requested to attend and provide an update.

30. Quarterly Treasury Management Report.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to update the Committee on the actions taken in respect of treasury management for the quarter ending 30 June 2021. A copy of the report marked 'Agenda Item 11', is filed with these minutes.

It was queried how the investments listed in the Council's loan portfolio due to mature in July 2021 would be re-invested and whether the upward movement anticipated in respect of inflation was likely to improve the interest rates for those re-investments. It was confirmed that officers would consider the offers banks had available at the time of re-investment to determine the best options for the Council. Currently, the Bank of England was not minded to increase the base rate until it saw a sustained period of inflation well above 2% so it was thought unlikely to see much improvement on interest rates in the short term.

RESOLVED:

That the actions taken in respect of treasury management for the quarter ending 30 June 2021 be noted.

31. Date of next meeting.

RESOLVED:

That the next meeting of the Corporate Governance Committee be held on 5th November 2021 at 10.00am.

10.00 – 11.25am
23 July 2021

CHAIRMAN

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CORPORATE GOVERNANCE COMMITTEE – 5 NOVEMBER 2021

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

APPOINTMENT OF EXTERNAL AUDITOR

Purpose of Report

1. This report summarises the arrangements for appointing the external auditor for Leicestershire County Council and the Leicestershire County Council Local Government Pension Scheme.
2. The Council has a statutory responsibility to appoint an External Auditor to audit its accounts. During the Autumn of 2021 all local government bodies will need to make a decision about their external audit arrangements for the period commencing from the financial year 2023/24

Background

3. The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and the arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England.
4. As part of the arrangements, the Secretary of State specified the Public Sector Audit Appointments (PSAA) as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. The PSAA is responsible for appointing auditors and setting scales of fees for relevant principal authorities that have chosen to opt into its national sector led scheme, overseeing issues of auditor independence and monitoring compliance by the auditor with the contracts entered into with the audit firms. This appointment comes to an end for the audit of accounts in 2022/23, with a new appointment being needed for the financial year 2023/24.
5. Following reports to the Corporate Governance Committee and the County Council in 2016, the County Council opted in to the PSAA auditor arrangements from 2018/19. Nationally, of 493 eligible local bodies, 484 opted into the PSAA scheme.
6. Grant Thornton UK LLP was appointed as the External Auditor for the County Council and its Pension Fund from 2018/19 until 2022/23.

7. In September 2021, the PSAA formally invited all principal local government bodies to opt into the sector led scheme for the second appointing period, which will provide external audit arrangements for the financial year commencing 2023/24. A copy of the prospectus can be found on their website at the link below:
<https://www.psaa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/prospectus-2023-and-beyond/final-prospectus-2023-and-beyond/page/2/>
8. A decision to become an opted-in authority must be taken in accordance with the Regulations, that is by the members of an authority meeting as a whole, such as a meeting of the County Council.
9. An eligible body that has decided to join the national scheme must inform the PSAA by returning the Form of Acceptance Notice (issued with the opt-in invitation) no later than midnight on Friday 11 March 2022.

Options for the Local Appointment of External Auditors

10. There are three broad options open to the Council under the Local Audit and Accountability Act 2014 (the Act). These are as follows:

Option 1 - to make a stand-alone appointment

11. In order to make a stand-alone appointment the Council will need to set up an Auditor Panel consisting of a minimum of three members. The members of the Panel must be wholly or a majority of independent members as defined by the Act; this excludes current and former elected members (or officers) and their close family and friends. It will be the responsibility of this panel to assess and choose the firm of accountants that should act as the Council's External Auditors and local elected members will have limited involvement in that process.

Advantages/benefit

12. Setting up an Auditor Panel allows the Council to take maximum advantage of the local appointment regime and have local input to the decision.
13. Although limited, this option provides the ability for some elected member involvement in the process.

Disadvantages/risks

14. Recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract is estimated by the Local Government Association (LGA) to cost in the order of £15,000 plus on going expenses and allowances
15. The Council will not be able to take advantage of reduced fees that may be available through joint or national procurement contracts.

Option 2 - Set up a Joint Auditor Panel / local joint procurement arrangement

16. The Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent members. Further legal advice will be required on the exact constitution of such a panel having regard to the obligations of each council under the Act, and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

Advantages/benefits

17. The costs of setting up the panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities.
18. There is greater opportunity for negotiating some economies of scale by being able to offer a larger combined contract value to the firms.

Disadvantages/risks

19. The decision making body will be further removed from local input, with potentially no input from elected members where a wholly independent auditor panel is used or possibly only one elected member representing each Council, depending on the constitution agreed with the other bodies involved.
20. The choice of auditor could be complicated where individual Councils have independence issues (i.e. it has a conflict of interest). An independence issue occurs where the Auditor has recently or is currently carrying out work, such as consultancy or advisory work, for an Authority. Where this occurs, some auditors may be prevented from being appointed by the terms of their professional standards to carry out work for one or more of the Authorities in the group. There is a risk therefore that the Joint Auditor Panel may choose a firm that cannot carry out audit work for the County Council which would mean that the County Council would then need to make a separate appointment, giving rise to all the attendant costs and loss of economies possible through a joint procurement.

Option 3 - Opt-in to a sector led body

21. To join a Sector Led Body (SLB) specified by Central Government to act as the Appointing Person on behalf of opted-in authorities. The SLB would have the ability to negotiate contracts with the audit firms nationally, maximising the opportunities for the most economic and efficient approach to the procurement of external audit on behalf of the whole sector. The PSAA has been appointed as the SLB. As noted above, the Councils current External Audit provider was appointed under the PSAA procurement contract.

Advantages/benefits

22. The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities. By offering large contract values, the firms would be able to offer better rates and lower fees than are likely to result from local negotiation. Any conflicts of interest with individual authorities would be managed by the SLB who would have a number of contracted firms to call upon. The appointment

process would not be ceded to locally appointed independent members. Instead a separate body is set up to act in the collective interests of the 'opt-in' authorities.

23. The audit costs are likely to be lower than if the Council/Authority sought to appoint locally, as national large-scale contracts are expected to drive more competitive prices from the audit firms.
24. Without the national appointment, the Council would need to establish a separate independent auditor panel, which could be difficult, costly and time-consuming.
25. The PSAA can ensure the appointed auditor meets and maintains the required quality standards and manage any potential conflicts of interest much more easily than the Council/Authority.
26. Supporting the SLB will help to ensure there is a vibrant public audit market for the benefit of the whole sector and this Council going forward into the medium and long term.

In respect of the PSAA itself:

27. It has considerable expertise and experience in the role of appointing auditors.
28. The Government has shown confidence in the PSAA by appointing it as the SLB for a second five-year period. The Department for Levelling Up, Housing and Communities (DLUHC) Spring statement refers to the PSAA's "strong technical expertise and the proactive work we have done to help to identify improvements".
29. It has a dedicated team that is very familiar at working within the context of the relevant regulations to appoint auditors, manage contracts with audit firms, and set and determine audit fees.
30. It is a not-for-profit organisation whose costs total around 4% of the national scheme with any surplus distributed back to scheme members, therefore offering value for public money. The PSAA is member of the DLUHC's new Local Audit Liaison Committee, and has regular contact with the DLUHC so is therefore able to give feedback on behalf of the sector.

Disadvantages/risks

31. Individual elected members will have no direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups.
32. In order for the SLB to be viable and to be placed in the strongest possible negotiating position, it will need Councils to indicate their intention to opt-in before final contract prices are known.

Financial Implications

33. The table overleaf shows external audit fees for the last 5 years. The current PSAA contract started in 2018/19:

	County Council	Pension Fund
2020/21	£107,602	£34,530
2019/20	£81,767	£29,360
2018/19	£65,252	£21,280
2017/18	£76,950	£27,637
2016/17	£76,950	£27,637

34. The current PSAA contract did deliver savings on the previous appointments. However, as the Committee will be aware, there have been increases in the cost in recent years which are likely to continue no matter how the new contract is procured. The reasons for this higher cost of audit include:
- **Limited auditor resource.** This has come about because many of the former Audit Commission staff have now exited the audit sector. The firms are now having to invest in their own internal training programmes for a very limited public sector audit market.
 - **Higher audit standards.** This is due to audit shortcomings that have been identified following the collapse of high-profile companies, the audit testing regime has been enhanced to help ensure greater reliance on audit conclusions.
 - **Introduction of new auditing and accounting standards,** requiring additional audit work in a variety of areas, such as accounting estimates and leases.
 - **Introduction of the new Code of Practice,** covering a wider scope on Value for Money and reporting, increasing the volume of work required by experienced staff.
 - **Increased risk profile and complexity of local authorities.** For example, entering new transactions, investments, and new models of delivery, increasing the time input of senior and experienced staff.

Summary

35. There are problems in the current audit market which have led to delays in the completion of many audits. The Redmond Review reported how local government audit is an unattractive market for audit firms and individual auditors to operate within. The market for this service is very limited and at present, only eight of the larger auditing firms have the accreditation, experience and specialist staff to undertake the work. These firms would be much more likely to bid for work through a larger procurement exercise rather than seek work from one or two isolated councils.
36. The Committee has received a number of reports at previous meetings with updates around the developments in local (external) audit arrangements and will be aware that the significant work to reform audit in the wake of the four government reviews (Kingman's review of the Financial Reporting Council; the Competition and Markets Authority review of the audit market; Sir Donald Brydon's review of the quality and effectiveness of audit; and Sir Tony Redmond's review of local authority financial reporting and external audit) is underway. Further wide-ranging changes are almost certain to occur during the next few years, and are very likely to have an impact on local authorities during the appointing period that will commence in April 2023. With this in mind, it is suggested that the PSAA with its standardised approach would offer the best route of support with stabilising the audit market.

37. It is recommended that Option 3 be pursued as this provides the maximum opportunity to limit the extent of any increases in costs by entering into a large scale collective procurement arrangement and would remove the costs of having to establish an Auditor Panel.

Next Steps

38. The County Council has until March 2022 to formally opt in to the PSAA scheme.
39. The legislation requires that a decision to opt-in must be made by the County Council and, subject to the comments of this Committee, it is proposed that a report be taken to its next meeting on 1st December 2021 recommending Option 3 for approval.

Recommendation

40. The Committee is asked to consider the options set out in this report and to recommend the County Council approve Option 3 i.e. to opt-in to the Sector Led Body national scheme (led by the PSAA) for local auditor appointments.

Equality and Human Rights Implications

41. None.

Circulation Under the Local Issues Alert Procedure

42. None.

Background Papers

Corporate Governance Committee 23 September 2016 and 22 September 2017 – Appointment of External Auditor 2018/19 – update

<http://politics.leics.gov.uk/documents/s122619/Auditor%20Choice%20Sep16.pdf>
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=434&MID=4824>

County Council 7 December 2016 – Appointment of External Auditors 2018/19

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MID=4432>

Update on Developments in Local (External) Audit Arrangements/Audit and Governance Update/Developments in Audit and Governance – Corporate Governance Committee on 1 November 2019, 31 January and 25 November 2020 and 29 January and 4 June 2021:

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=434&MID=5782&Ver=4>

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=434&MID=6053>

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=434&MID=6492>

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=434&MID=6361&Ver=4>
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=434&MID=6493>

Officers to Contact

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CORPORATE GOVERNANCE COMMITTEE – 5 NOVEMBER 2021

JOINT REPORT OF THE CHIEF EXECUTIVE AND THE DIRECTOR OF CORPORATE RESOURCES

LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN ANNUAL REVIEW 2020/21 AND UPDATE ON COMPLAINTS AND FREEDOM OF INFORMATION REQUESTS

Purpose of Report

1. The purpose of this report is threefold:
 - To inform Members of the Local Government and Social Care Ombudsman (LGO) annual review letter for the Authority for 2020/21;
 - Provide Members with an update on improvements to the Local Authority's Complaints procedures and effective complaints handling;
 - Provide Members with an update on handling of Freedom of Information Act (FOI) and Environmental Information Regulations (EIR).

Background

2. The role of the Corporate Governance Committee includes the promotion and maintenance of high standards within the Authority in relation to the operation of the Council's Code of Governance. It also has within its terms of reference the making of payments or providing other benefits in cases of maladministration under Section 92 of the Local Government Act 2000.
3. At its meeting on 29 November 2009 this Committee, in line with its role and responsibilities, and those of the then existing Standards Committee, agreed that reports on complaints handling should be submitted on an annual basis for members consideration following receipt of the LGO's annual review letter. This report also discharges the Monitoring Officer's statutory duty under s.5(2) of the Local Government and Housing Act 1989 to report where maladministration has been identified.
4. The LGO produces an annual review letter for each Authority. This typically contains complaint statistics as well as more general updates

from the LGO as to any emerging themes. This letter is included as Appendix A.

5. In recent years, the LGO has also issued an annual review of local government complaints each year. A copy of the 2020-21 report is included as Appendix B.
6. In 2019 it was agreed that an annual update is to be provided to the Corporate Governance Committee outlining how the Council is discharging its obligations under the FOI and EIR legislation.

Part 1: LGO's Annual Review Letter for Leicestershire County Council

7. A total of 52 Complaints and Enquiries were received by the LGO during the year which marks a significant decrease (31%) on last year (75).
8. It is important to stress caution with directly comparing the above figures this year as the LGO paused casework between April to June 2020 to allow local authorities to prioritise responding to the Covid-19 pandemic.
9. To add context to the number of complaints received by the LGO, population data has been obtained which shows that Leicestershire receives 7.3 referrals to the LGO per 100,000 residents. As shown in Appendix C, this ranks Leicestershire as the fifth best of 16 authorities classed as statistical neighbours.
10. The LGO made decisions on 58 complaints during the year and carried out 19 detailed investigations. This equates to 33% of the complaints determined. The numbers investigated in detail by the LGO decreased this year by four.
11. The remaining 39 cases were dealt with at the assessment stage, which is a lighter touch review of the Council's actions. This includes complaints that were considered premature for the LGO and those which lay outside of their jurisdiction.
12. Of the 19 complaints subject to detailed investigation, 13 (68%) had a finding of some fault and were consequently upheld. This is a slight decrease from last year (71%).
13. The average percentage of complaints upheld for all English county councils was 71%. Leicestershire's performance of 68% ranks the Council 8th out of 16 for statistical neighbours and places the Council in the middle quartile against an average of 69%. This is an improved position from last year (12th).
14. Where a finding of fault with injustice is made, the LGO may suggest a course of action to the Council which, if implemented, would lead the LGO to discontinue their investigation. The Council is not obligated to carry out

this recommendation but failure to do so may lead to a Public Report being issued.

15. Such settlements may involve an element of compensation for a complainant where there has been a failure to provide a service, together with a payment to recognise the complainant's time and trouble in having to pursue the complaint.
16. On some occasions, the Council may have already taken remedial action which the LGO considers appropriate to resolve the issue. In such cases, the LGO will still record the case as maladministration but with an additional tag to reflect that the situation had been adequately remedied before LGO involvement.

There was one such case in 2020-21 representing 8% of the overall upheld number. This mirrors the average for all English county councils.

17. Two of the LGO decisions were issued as Public Reports. Both cases have been reported to the Corporate Governance Committee separately. A summary of the subject matter is provided in Paragraph 19, cases 4 and 5.
18. During 2020/21, the Council did not agree to one recommendation made within a Public Report. This recommendation asked the Council to undertake audits of all nursery providers charging policies. A summary of the subject matter is set out in paragraph 19, case 4.

The Council argued this was a disproportionate use of resource. The LGO accepted the Council's response and did not seek to challenge this further through a non-compliance report. All other recommendations were accepted by the Council.

19. The detail for each of the 13 upheld complaints appears below. For ease these have been grouped by Council Department.

Children and Family Services - Education

- **Case 1** related to Special Education Needs (SEN) and specifically that the Council delayed issuing an Education Health Care Plan (EHCP) and failed to ensure all the support as specified had been provided. Concerns were also raised around the commissioning of Transport and how Public Law Outline enquiries were managed.

The Council had already accepted a number of faults and issued apologies. The LGO requested that the Council go further and issue a compensatory payment of £447.50 in recognition of distress and one-week therapy provision that had not already been compensated.

The Council agreed to these recommendations.

- **Case 2** concerned the Council's delay in carrying out an annual review of an EHCP.

The Council had already accepted this fault and explained what it was doing to improve performance in this area.

The LGO asked that the Council make an additional compensatory payment of £100 in recognition of time and trouble complaining.

- **Case 3** was another complaint that the Council had failed to ensure provision as specified within an EHCP that was in place. There were also delays in responding to a Tribunal Order.

The Council accepted the faults and issued an apology. Payments of £1400 were also made in recognition of time and trouble and missed therapy provision. It also put in place revised procedures for managing tribunal orders.

- **Case 4** concerned a complaint regarding an issue relating to the Free Early Education Entitlement Scheme, which resulted in a Public Report being issued by the LGO. The Committee received a report on this matter at its meeting on 4 June 2021.

The LGO concluded that the Council has failed in its duty to ensure transparency of charges applied by a Nursery Provider and that a "top up" fee had been charged by the Provider.

In addition to re-imbursing the individual to a value of £1,500, the LGO asked the Council to carry out an audit and investigate whether any other families were similarly affected and if so to take appropriate action.

The Council worked with the Provider to review their invoicing arrangements and identified a further 79 families affected. Appropriate compensation was offered to all those adversely affected.

- **Case 5** resulted in the LGO finding that the Council had failed in its duty to ensure suitable full-time education provision for a student following a house move. The LGO decided this case met the criteria to be issued as a Public Report and the Committee received a report on this matter at its meeting on 4 June 2021.

The Council had already accepted several faults in how it had managed the Admissions Application. There were delays in referral to the Inclusion Service, use of the Fair Access Process and a failure to follow the escalation route when a school refused to admit the student when instructed to do so.

The Council had offered a significant compensatory offer, but the LGO increased this further to a total of £7,500. It also asked for a

comprehensive review of the Council's procedures to be undertaken and for reminders to be issued to all schools and colleges of their duties.

The Council accepted all the recommendations and has undertaken significant improvement work in this area.

Children and Family Services – Social Care

- **Case 6** was a Child Protection complaint that the Council failed to properly follow safeguarding procedures to ensure the safety and welfare of a child.

The LGO criticised the Council for using the statutory complaints procedure when, in most cases, Child Protection matters should instead be considered under the Corporate Procedure. It also found that the quality of both the Stage 2 investigation and Stage 3 panel hearing was poor. The Council is responsible for ensuring independent investigators are appropriately trained.

The Council agreed to making a compensatory payment of £1,450 to the family. It also agreed to review information that the Council provides to families about Section 47 processes.

The Council also reviewed its policy and guidance around supervision and issued reminders to all staff of the importance of unannounced visits. Finally, the Council took steps to improve the quality of Independent Investigations and implemented fresh guidance to Complaints Officers to ensure the correct procedure was determined at the outset.

- **Case 7** was a complaint that the Council failed to provide sufficient financial support to help with accommodation needs for a family caring for looked after children.

The LGO found fault with how the Council had carried out assessments of need and how it had assessed affordability of loan re-payments that it had offered.

The Council accepted the findings and committed to a fresh financial assessment. It also agreed to a financial redress of £10,500 in respect of storage and other incurred costs. The Council agreed to cover rental costs whilst a final offer is made regarding accommodation improvements.

At the time of this report, the situation remains unresolved though the Council remains engaged trying to reach a satisfactory resolution with the family.

Adults and Communities – Social Care

- **Case 8** related to a failure to explain the requirement for a re-assessment of social care needs.

The Council was at fault for failing to arrange a review of a service user. It had elected to do a fresh assessment but had missed opportunities to explain the reasoning behind this to the individual. There were also issues identified with actions not being progressed

The LGO recommended an apology for the faults identified and asked the Council to complete their re-assessment promptly and offer support with a housing application. The Council accepted these findings.

- **Case 9** was a complaint that a Care Provider contracted by the Council to deliver home care failed to deliver consistent and timely care causing anxiety and frustration.

The LGO asked the Council to audit the care logs and make a compensatory offer of 50% of all calls delivered late. A further distress payment of £250 was also requested.

The Council was further asked to undertake a wider review of the Care Provider's performance. The Council accepted the conclusions and recommendations which have all been carried out.

- **Case 10** was a complaint about the way a safeguarding visit was conducted.

The LGO found fault that the Council had relied on a generic Co-vid 19 risk assessment which did not dynamically assess the different environments that workers may find.

The LGO requested that the Council review its risk assessment framework and ensure staff are reminded to complete these before visiting and record them appropriately. The LGO asked the Council to apologise to the individual for any distress caused.

The Council accepted the findings and carried out the remedies.

- **Case 11** was that the Council ignored requests for an assessment of support needs and failed to provide independent advocacy when requested.

The LGO found the Council had offered advocacy, but it had not been taken up. The individual had been on a waiting list for a worker to pick up

the assessment, but the LGO determined this was too long a wait and there were missed opportunities to explain the delay which caused some distress.

The LGO asked the Council to make a compensatory payment of £100 in recognition of this delay which the Council agreed to.

Environment and Transport

- **Case 12** related to SEN Transport.

The LGO found fault that the Council did not offer sufficient notice when changing transport provision and delayed carrying out a risk assessment

The Council apologised and agreed to remind all staff of the importance of communicating changes to transport arrangements within a reasonable timeframe.

- **Case 13** was a complaint about SEN Transport and specifically the amount the Council had offered through a Personal Transport Budget.

The LGO determined that any fault had already been remedied by the increased offer the Council had already made.

SUMMARY

20. The LGO produced two public reports against the Council during 2020/21. These were the first issued for 6 years.
21. Financial remedies determined by the LGO amounted to £24,347.50. This is a decrease from last year (£30,129.62).
22. All the above financial settlements were approved by the Director of Law and Governance, in accordance with powers delegated by this Committee at its meeting on 26 November 2012.
23. The Chair of the Corporate Governance Committee was consulted and approved three of the payments as they were more than the delegated £5,000 limit.
24. The LGO continues to promote an interactive map of the Council's performance. This is available through a link within Appendix A and allows for easy access and comparison of the data presented in this report with other authorities.

Part 2: Update on Complaints Handling

25. The Council has a statutory duty to produce an annual report on both children and adult social care complaints.

26. The Council also produces a Corporate Complaints Annual report which considers all other non-statutory complaints.
27. Collectively these reports highlighted the following key themes and performance:

Corporate Complaints

- There has been a 21% increase in corporate complaints recorded over the last twelve months with a total of 527 recorded in 2020/21.
- There have been significant increases in complaints about SEN Transport (69) and Waste Management (69) which have contributed to the overall increase.
- Changes to service delivery necessitated by national guidance around Covid-19 have been a factor in the rise, for example complaints regarding the need to book appointments for using Recycling and Household Waste Sites.
- Response timescales for corporate complaints dropped during the year primarily due to pandemic pressures but 77% were still responded to within 20 working days and just 15 (3%) exceeded the policy maximum of 65 working days.

Adult Social Care Complaints

- There were 196 adult social care complaints recorded in 2020-21, this was almost identical to the previous year (194).
- Response times for social care complaints saw some pressures during the year but remained healthy with 137 (70%) responded to within 20 working days and just 5 (3%) exceeding the statutory maximum timescale.
- Fault was found in 79 (39%) of complaints. This represents a slight reduction on the previous year 82 (44%).
- The most common area of complaint remains around assessment and care planning.

Children's Social Care Complaints

- Children's Social Care Statutory Complaints decreased to 63 recorded in 2020/21 (118 in 2019/20). There was, however, an additional 88 recorded under the Council's Corporate Procedure, usually about Child Protection matters that were considered outside of the scope of the statutory regulations.

- The relevance of this distinction is that under the Statutory Procedure, local authorities incur significant costs of commissioning independent investigations. The County Council spent £65,000 in 2019/20 and this reduced to £37,000 in 2020/21.
- Of the 63 complaints considered at Stage 1, seven requested escalation to Stage 2 (Independent Investigation) equating to 11%. Of these, three requested further escalation to Stage 3 of the process (Panel Review) and two went on to approach the LGO.
- Response times for Stage 1 complaints showed some challenges with adhering to the stricter statutory timescale of 20 working days with 62% achieving this. Only three complaints (7%) exceeded 40 working days and this was where officers were trying to arrange meetings with parents.

Improving Complaint Handling

28. During the year there has been a pause on running internal complaints handling training due to the pandemic. It is expected this will resume in 2022.
29. The Complaints Manager continues to work closely with departments to discuss responses to complaints and act as a critical friend.
30. The introduction of a “review stage” in both our corporate and adult social care procedures has continued to help reduce cases escalating to the LGO.
31. There have not been any policy amendments made this year to complaints procedures.
32. To help address the volume increase this year, primarily of corporate complaints, some additional support from the wider Business Services team has been provided. Whilst this has been beneficial it is not a sustainable long term solution should the current rates of increase continue.

All Complaints roles have also been re-evaluated during the year to assist with staff retention in this key area.

Part 3: Update on Freedom of Information Act (FOIA) and Environmental Information Regulations (EIR) handling

Summary of the legislation and principal functions of the Corporate FOI service

33. The FOIA gives anyone the right to ask a public authority for information; for the information to be released to them, and / or to be told why the information cannot be provided. The Act places a duty on Local Authorities to respond within 20 working days (in most circumstances).
34. The principal functions of the FOI team are to:
 - Acknowledge receipt of the request and ensure the progress of the request is tracked to completion.
 - Undertake any redactions necessary and distribute responses to requests. This includes publication through our disclosure log unless there are clear reasons not to do so.
 - Consider the application of any exemptions or exceptions and give a clear explanation for any information withheld and the reasons why the balance of public interest is against disclosure.
 - Provide advice and assistance to members of the public and others wishing to use the legislation.
 - Provide support and advice to staff responding to requests.
 - Manage the FOI / EIR appeals or complaints procedures including liaison with the Information Commissioner.

Annual Performance April 2020 – March 2021

Analysis of requests received

35. Between 1 April 2020 and 31 March 2021, 883 requests were received compared to 983 in the previous year. This represents a 9% decrease.
36. At the start of the pandemic and through the initial national lockdown period there was a distinct drop in FOI requests; just 151 in Quarter1.
37. Requests were received across a wide range of subject matters with the top three areas being:

• Schools	105
• Children in Care	73
• Highways Maintenance / Design	72

38. Where identifiable, data is now available on applicants seeking information and the following table sets out the top three requestors during this period:

Applicant Type	Number of requests
Member of the public	479
Business	199
Media	76

39. All requests by the Media are automatically flagged and approval is sought by the Council's Media Team prior to any publication.

Analysis of requests responded to between 1 April – 1 November 2020

40. During the reporting year, 839 requests were responded to. The figures are different to the volume received as some requests were received before the start of the reporting year. This can be further segmented into:

777 FOIA requests
62 EIR requests

41. Information was provided in full for 583 requests (70%) with a further 126 instances (15%) where partial information was provided with part of the request refused as either "not held" or using a valid exemption.
42. 69 requests were refused in full. The majority (51) because the cost of responding would exceed the reasonable limits set out in legislation.

Compliance with statutory timescales as at 1 November 2020

43. 718 (86%) of the requests were responded to within 20 working days. This was a 2% reduction on 2019-20.
44. Information Commissioner Office (ICO) guidance suggests a target of 90% should be set by Local Authorities in this area. It is important to note, however, that during the pandemic the ICO issued guidance that it would not expect the same levels of compliance given the wider pressures on Councils.

The table below charts the respective performance by Department:

Response times in working days

Department	<5	6-10	11-15	16-20	>20
A&C	6 (8%)	4 (5%)	6 (8%)	13 (18%)	44 (60%)
CEX	24 (37%)	8 (12%)	12 (18%)	13 (20%)	8 (12%)
CFS	43 (24%)	46 (25%)	48 (27%)	39 (22%)	5 (3%)
CR	60 (28%)	37 (17%)	47 (22%)	37 (17%)	37 (17%)
E&T	54 (28%)	32 (16%)	53 (27%)	51 (26%)	6 (3%)
PH	2 (6%)	4 (12%)	12 (36%)	6 (18%)	9 (27%)
MULTI	12 (16%)	11 (15%)	14 (19%)	24 (33%)	12 (16%)

ALL	201 (24%)	142 (17%)	192 (23%)	183(22%)	121 (14%)
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45. The above data suggests there is still room for improvement with FOI handling within the Adults and Communities Department. It should be noted that during the first two quarters the wider pandemic pressures significantly affected performance in this area.

Internal reviews and Information Commissioner enquiries

46. There have been nine internal reviews requested during 2020-21. This equates to 1% of the overall requests responded to.
47. Five of the internal reviews were upheld and resulted in additional information being disclosed. The remaining four cases were referred to the ICO.
48. There have been two ICO enquiries made during the year.
- **Case 1** was withdrawn by the requestor at an early stage.
 - **Case 2** the ICO found fault and issued a decision notice. It found the Council had supplied all the information appropriately but that it had exceeded the statutory timescales for doing so. It did not request any specific action be taken by the Council.

Recommendations

49. The Committee is recommended to:
- (a) note the contents of this report.
 - (b) provide comment and feedback on the LGO's annual review letter and the complaints and FOI handling arrangements and improvements as outlined.

Equality and Human Rights Implications

An Equality and Human Rights Impact Assessment was completed in 2014. There have been no significant changes to the complaints handling process since this time. Neither have any been identified regarding handing of FOI requests.

Background Papers

Report to the Scrutiny Commission dated 12 July 2021 'Corporate Complaints and Compliments Annual Report 20120/21'

<http://politics.leics.gov.uk/documents/s162275/Complaints%20and%20Compliments%202020-21.pdf>

Report to Adults and Communities Scrutiny and Overview Committee dated 6 September 2021 'Annual Adult Social Care Complaints and Compliments Report'

<http://politics.leics.gov.uk/documents/s163301/Annual%20ASC%20Complaints.pdf>

Circulation under the Local Issues Alert Procedures

None.

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List of Appendices

- Appendix A: The Local Government and Social Care Ombudsman's Annual Review Letter dated 21 July 2020 – Leicestershire County Council – for the year ended 31 March 2021.
- Appendix B: The Local Government and Social Care Ombudsman Review of Local Government Complaints 2020-21.
- Appendix C: Benchmarking data for statistically comparable neighbours as defined by CIPFA.

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21 July 2021

By email

Mr Sinnott
Chief Executive
Leicestershire County Council

Dear Mr Sinnott

Annual Review letter 2021

I write to you with our annual summary of statistics on the decisions made by the Local Government and Social Care Ombudsman about your authority for the year ending 31 March 2021. At the end of a challenging year, we maintain that good public administration is more important than ever and I hope this feedback provides you with both the opportunity to reflect on your Council's performance and plan for the future.

You will be aware that, at the end of March 2020 we took the unprecedented step of temporarily stopping our casework, in the wider public interest, to allow authorities to concentrate efforts on vital frontline services during the first wave of the Covid-19 outbreak. We restarted casework in late June 2020, after a three month pause.

We listened to your feedback and decided it was unnecessary to pause our casework again during further waves of the pandemic. Instead, we have encouraged authorities to talk to us on an individual basis about difficulties responding to any stage of an investigation, including implementing our recommendations. We continue this approach and urge you to maintain clear communication with us.

Complaint statistics

This year, we continue to focus on the outcomes of complaints and what can be learned from them. We want to provide you with the most insightful information we can and have focused statistics on three key areas:

Complaints upheld - We uphold complaints when we find some form of fault in an authority's actions, including where the authority accepted fault before we investigated.

Compliance with recommendations - We recommend ways for authorities to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the authority upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit authorities that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your authority with similar types of authorities to work out an average level of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data will be uploaded to our interactive map, [Your council's performance](#), along with a copy of this letter on 28 July 2021. This useful tool places all our data and information about councils in one place. You can find the decisions we have made about your Council, public reports we have issued, and the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

I would encourage you to share the resource with colleagues and elected members; the information can provide valuable insights into service areas, early warning signs of problems and is a key source of information for governance, audit, risk and scrutiny functions.

As you would expect, data has been impacted by the pause to casework in the first quarter of the year. This should be considered when making comparisons with previous year's data.

During the year, we investigated a complaint from a father about your Council's failure to safeguard his child from their mother. We found the Council failed to follow safeguarding legislation and guidance, leaving the child at risk of significant harm. In this case, we were particularly concerned about the Council's response to our findings. In reply to a draft decision, the Council said it tried to work in partnership and seek compromises in the best interest of the child and it did not accept there was poor practice. Not only was the Council's practice poor, but it put a child at risk of harm. The Council's response minimised its faults and indicated it could not reflect on its actions or take learning from the case. If it had not been for the need to protect the anonymity of the child, it is likely we would have issued a public report. Instead, we suggested the Serious Case Review into the death of the child's sister also considered the actions the Council took to safeguard this child.

This year, we issued two public reports about your Council. The first reported failings in the administration of Free Early Education Entitlement. Our investigation found the Council failed to ensure customers at a nursery in Market Harborough received their entitlement free of charge, as the nursery charged a top-up fee. It is disappointing the Council dismissed the concerns of a parent who complained about the nursery's charges, failed to spot problems when it audited the nursery, and that it rejected our draft findings.

However, I am pleased to note the Council accepted our findings after a further review of the evidence. The Council has refunded the complainant and is working with the provider to ensure families of a further 79 children who attended the same nursery are refunded charges for nursery care that should have been free. We also recommended the Council should review the charging arrangements of all other nursery providers to ensure compliance with law and guidance. I understand the Council does not intend to comply with this recommendation. We recognise this is an issue that has the potential to affect councils nationally and are satisfied with the steps your Council has taken to remedy the parent in this case and the further 79 families affected.

The second public report detailed our investigation into the Council's failure to provide suitable full-time education for a young person after they moved into the local area. We found several examples of fault; the Council delayed in dealing with the family's school application, did not promptly refer the case to its Fair Access team to help identify a placement, and failed to consider using its powers to apply for a direction from the Secretary of State to admit the pupil to the

catchment school. As a result, the pupil missed education provision at a critical point in their secondary education, causing long-term disadvantage. The Council agreed to make a total payment of £7,500 and undertake a range of service improvements.

I welcome the Council's prompt acknowledgement of fault in this case and its proposal to undertake service improvements at an early stage in our investigation. I also acknowledge the Council's cooperation with our investigation and its acceptance of our recommendations.

Supporting complaint and service improvement

I am increasingly concerned about the evidence I see of the erosion of effective complaint functions in local authorities. While no doubt the result of considerable and prolonged budget and demand pressures, the Covid-19 pandemic appears to have amplified the problems and my concerns. With much greater frequency, we find poor local complaint handling practices when investigating substantive service issues and see evidence of reductions in the overall capacity, status and visibility of local redress systems.

With this context in mind, we are developing a new programme of work that will utilise complaints to drive improvements in both local complaint systems and services. We want to use the rich evidence of our casework to better identify authorities that need support to improve their complaint handling and target specific support to them. We are at the start of this ambitious work and there will be opportunities for local authorities to shape it over the coming months and years.

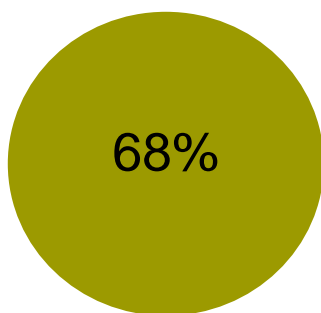
An already established tool we have for supporting improvements in local complaint handling is our successful training programme. During the year, we successfully adapted our face-to-face courses for online delivery. We provided 79 online workshops during the year, reaching more than 1,100 people. To find out more visit www.lgo.org.uk/training.

Yours sincerely,



Michael King
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Complaints upheld



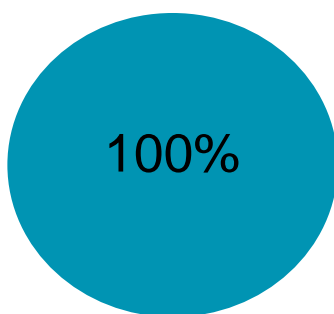
68% of complaints we investigated were upheld.

This compares to an average of **71%** in similar authorities.

13
upheld decisions

Statistics are based on a total of 19 detailed investigations for the period between 1 April 2020 to 31 March 2021

Compliance with Ombudsman recommendations



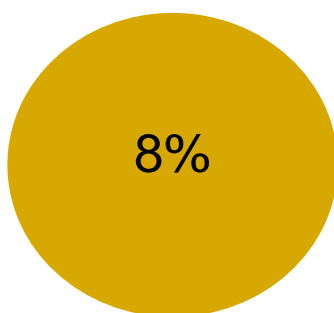
In **100%** of cases we were satisfied the authority had successfully implemented our recommendations.

This compares to an average of **100%** in similar authorities.

Statistics are based on a total of 7 compliance outcomes for the period between 1 April 2020 to 31 March 2021

- Failure to comply with our recommendations is rare. An authority with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

Satisfactory remedy provided by the authority



In **8%** of upheld cases we found the authority had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **8%** in similar authorities.

1
satisfactory remedy decision

Statistics are based on a total of 19 detailed investigations for the period between 1 April 2020 to 31 March 2021

NOTE: To allow authorities to respond to the Covid-19 pandemic, we did not accept new complaints and stopped investigating existing cases between March and June 2020. This reduced the number of complaints we received and decided in the 20-21 year. Please consider this when comparing data from previous years.

Review of Local Government Complaints 2020-21

July 2021

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Ombudsman's foreword



I am pleased to present our Review of Local Government Complaints for 2020-21 – an opportunity to reflect on a challenging year for both the sector and our wider communities.

While we are just beginning to evaluate the impact of the COVID-19 pandemic on our casework, a more immediate impact has been on the statistics we publish today. To allow authorities to respond to the first wave of the outbreak, we stopped taking new complaints and paused our existing investigations. We restarted casework in late June 2020, after a three month pause, and, after listening to your feedback, decided it was unnecessary to pause our casework again as we entered further lockdowns. Quite simply, as a result, the number of complaints we received and decided during the year is lower than in previous years.

Our complaint statistics for 2020-21 tell us:

- We are finding fault more often: we upheld 67% of complaints we investigated, up from 61% last year
- The uphold rate increased across all categories of complaint, except Environmental Services. We continue to uphold the highest proportion of complaints about Education and Children's Services (77%)

- We recommended 1,488 service improvements, up 2% on the previous year (as a proportion of all recommendations made)
- Compliance with our recommendations remains high at 99.5%

We published 40 public interest reports during the year. These reports allow us to share the lessons from the cases we investigate, as well as holding authorities to account. While the breadth of our casework is represented, complaints about Education and Children's Services continue to dominate, being the subject matter in two fifths of our reports.

It is encouraging that compliance with the recommendations we make remains high; there were no formal incidents of non-compliance during the year or further reports issued. However, a handful of councils failed to implement recommendations they had agreed to, resulting in new complaints being opened. While it is unfortunate that we need to take this action, we do so to maintain public confidence in complaints systems and hold councils to account for their actions.

Pleasingly, many councils demonstrate a willingness to put things right for individuals and commit to often significant wider reviews and service changes to ensure others are not similarly affected by the faults our investigations uncover. I commend this approach and have detailed some case examples in this report. I hope others can learn from the added value these councils are gaining from their complaints.

I am concerned about the general erosion to the visibility, capacity, and status of complaint functions within councils. These concerns are not new and cannot be wholly attributed to the trials of the pandemic.

While the impact and response of councils to the pandemic is only beginning to play out in our casework, we have seen evidence of councils struggling to implement new policies at short notice and failing to properly take account of personal hardships caused by the pandemic when assessing people's circumstances. Encouragingly, there have also been many examples of councils performing well under pressure. We are paying close attention to this area of our casework and intend to publish our early experiences and findings later in the year.

More generally, the challenges of the past year have served to heighten my concerns about the pressures on complaint handling functions in councils. Our investigations regularly highlight local complaint systems that are failing to respond properly to those that raise concerns. While I do not underestimate the challenges councils are facing, nor the impact of the past 15 months, I am concerned about the general erosion to the visibility, capacity, and status of complaint functions within councils. These concerns are not new and cannot be wholly attributed to the trials of the pandemic.

Our view and advice to councils remains the same: good public administration is more important than ever and managing complaints effectively is not simply a transactional process. The public experience of local services provides unique insight that can be harnessed as a key driver for learning and improvement.

It is this view that drives our new programme of work; we want to use the rich evidence of our casework to better identify authorities that need support to improve their complaint handling and target specific support to them. We also want to look at how we can be more explicit and set out firmer expectations of the standards we expect. There will be opportunities for authorities to get involved in this work and we will share more with you as it progresses, however, I know its success will rely on all councils committing to high quality, responsive complaint handling, and the operation of effective governance and accountability systems. I look forward to working with the sector on this ambition.

Alongside this report, we publish our complaints data at local authority level, and upload annual data to the [your council's performance map](#). Now with three years' worth of data on councils' complaint outcomes and commitments to improve, I encourage you to take a look at how your authority is performing.



Michael King
Local Government and
Social Care Ombudsman
July 2021

Putting things right

1,726

cases with
recommendations to
put things right



11,830

complaints and
enquiries
received



1,488

recommendations
to improve services
for others*

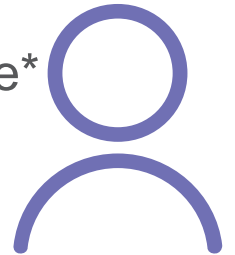
11%

upheld cases where
we agreed with the
authority's remedy



3,104

recommendations
to remedy
personal injustice*



** In many cases, we will recommend more than one type of remedy. For example, we may recommend an authority makes an apology, pays a sum of money, and reviews a policy or procedure.*

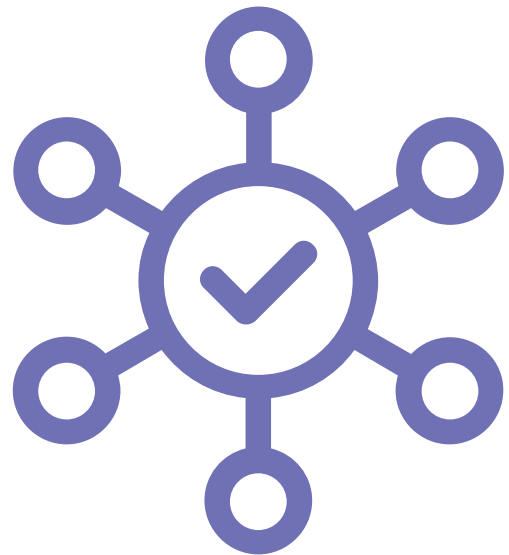
Compliance with recommendations



While our recommendations to put things right are non-binding, in most cases authorities agree to comply with our remedies.

- We were satisfied with authorities' compliance with our recommendations in 99.5% of cases. But, in 18% of cases, compliance was not within the agreed timescales and was late.
- In nine cases we were not satisfied that the authority had complied with our recommendations.

When an authority fails to implement our recommendations, we can consider a range of actions, including issuing a public interest report and opening a new investigation into the authority's failure to provide the agreed remedy.



Learning from complaints

Our casework provides a unique insight into the concerns of people who use local services. Where we identify recurrent problems across authorities, we will publish a [focus report](#) to feed back the learning from the complaints we investigate to the sector. These reports highlight concerning issues and help authorities to learn from others' mistakes and improve services. The reports also act as a useful tool for elected members; we include [suggested questions](#) councillors can use as part of their role to scrutinise services.

In addition, our guidance notes for practitioners set out what we expect from local complaint handling and how we will approach investigations about common areas of complaint.

These were the topics we commented on during the year:

Home truths: how well are councils implementing the Homelessness Reduction Act?



This [report](#) shares the learning from our first 50 detailed investigations about the Homelessness Reduction Act, giving practical advice to councils from our early findings. The Act, introduced in 2018, gave people new rights when homeless or threatened with homelessness,

aiming to help people earlier and prevent them becoming homeless. We have found delays in the process and difficulties in how the newly required Personalised Housing Plans are administered. We call on all councils with homelessness responsibilities to read the report and review their practices in light of our good practice advice.

Careless: helping to improve council services to children in care

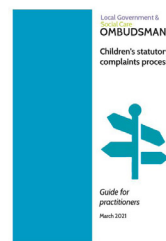


This [report](#) highlights the stories from the complaints we receive from children and young people in the care of their local authority. 'Looked after children' are statistically much more likely to have poorer outcomes

than children living with their parents – making councils' decisions about them even more critical. We share case studies from our investigations and offer good practice suggestions, including actively promoting to children in care how to raise concerns or make a complaint, and the importance of having effective policies on exercising discretion to investigate historical complaints.

We issued two guides for practitioners aimed at helping authorities to get things right before cases get escalated to us:

Guide on the Children's Statutory Complaints Procedure



Being the area about which we receive most enquiries from councils, we published our [guide](#) on managing the statutory children's complaints procedure. It sets out what we expect from councils and how they should apply the government guidance, while answering the common queries

we receive based on the learning from our cases. We also stress our position, that the regulations and statutory guidance must be followed as set out in law regardless of any concerns about the effectiveness of the process councils may have.

Guidance on Effective Complaint Handling for Local Authorities



A relaunch of our long-standing [guidance](#), this practical guide offers advice on how to run a complaints system that is effective, fair and helps to drive service improvement within local authorities. It runs through the steps authorities need to take to ensure complaints are properly identified, investigated,

and put right where necessary.

Decisions and reports

We are one of the only Ombudsman schemes to publish the decisions we make. We do this to share learning and be transparent.

Our decisions are published at www.lgo.org.uk/decisions and can be searched by theme, key word, category, decision outcome, date and organisation.

Cases that raise serious issues or highlight matters of public interest are given extra prominence and issued as public interest reports.

Our press releases highlight our public interest reports and can be found at www.lgo.org.uk/information-centre/news



Education & children's services

800 detailed investigations
77% upheld

Published reports

[Norfolk CC – Education – alternative provision](#)

[Buckinghamshire CC – Education – transport](#)

[Coventry CC – Education – transport](#)

[Leicestershire CC – Education – other](#)

[Nottingham CC – Education – transport](#)

[Sheffield CC – Education – SEN provision & EHC plans](#)

[Birmingham CC – Children's Services – family & friends carers](#)

[Surrey CC – Education – transport](#)

[Kent CC & LB Croydon – Children's Services – child protection](#)

[Somerset CC – Children's Services – child protection](#)

[Cornwall C – Education – alternative provision](#)

[Leicestershire CC – Education – alternative provision](#)

[Newcastle CC – Children's Services – child protection](#)

[Isle of Wight C – Children's Services – child in need](#)

[LB Redbridge – Education – SEN transition to EHCP](#)



Adult care services

801 detailed investigations
72% upheld

Published reports

[LB Barking & Dagenham – transport](#)

[Hertfordshire CC – assessment](#)

[RB Windsor & Maidenhead – home care](#)

[LB Harrow – transport](#)

[Westminster CC – assessment](#)

[Brighton & Hove CC – assessment](#)

[Hampshire CC – assessment](#)

[Cornwall C – direct payments](#)

[Cornwall C – charging](#)

[Lincolnshire CC – charging](#)

[Nottinghamshire CC – assessment](#)

[Surrey CC – residential care](#)

Decisions and reports



Housing

330 detailed investigations
71% upheld

Published reports

[LB Haringey – Homelessness](#)

[LB Merton – Homelessness](#)

[LB Enfield – Allocations](#)

[East Lindsey DC – Allocations](#)

[LB Harrow – Private housing disrepair](#)

[LB Redbridge – Homelessness](#)

[LB Wandsworth – Homelessness](#)



Highways & transport

190 detailed investigations
58% upheld

Published reports

[LB Merton – Enforcement Agents – Transport](#)

[LB Tower Hamlets – other](#)

[Sheffield CC – Highway repair](#)



Corporate & other

60 detailed investigations
62% upheld

Published reports

[LB Barking and Dagenham - Local Authority public health duties](#)



Benefits & tax

220 detailed investigations
70% upheld

Published reports

[Calderdale MBC – Council Tax](#)



Planning & development

436 detailed investigations
45% upheld

Published reports

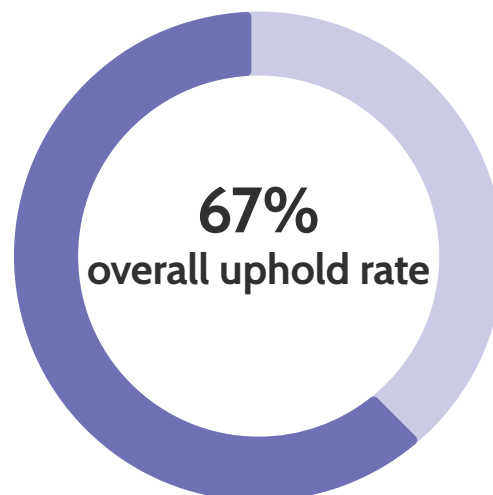
[Warwick DC – Planning application](#)



Environment & public protection

307 detailed investigations
58% upheld

No published reports



The impact of a single complaint

Overview

During the year, we investigated many cases that demonstrate how a single complaint and a council's constructive attitude to improving services can make a difference to many people. By highlighting them here, we are giving all councils the opportunity to learn and check their own practice in these areas. Below are the case summaries, and full details can be found by clicking on the links, or you can search the case reference numbers at www.lgo.org.uk/decisions



Failure to recognise family and friends carers of a vulnerable child leads to service review of private fostering placements

Case reference: [19 005 305](http://www.lgo.org.uk/decisions)

Our investigation found Birmingham City council failed to support a family who had taken responsibility for a young, unaccompanied girl whose mother had sadly died. The council wrongly considered the arrangements to be private fostering and the family did not receive the financial or practical support they were entitled to as family and friends carers. We recommended, and the council agreed, that payments should be made to the child and family for the uncertainty and distress caused, and allowances and costs reimbursed.

Because we were concerned the same failings may have occurred in similar cases, we asked for all private fostering cases to be reviewed to ensure arrangements in place were suitable. The council undertook thorough reviews and voluntarily produced new promotional materials and training on private fostering arrangements in order to reduce the risk of similar failings.



**79% of Family
& Friends carers
complaints upheld**

The impact of a single complaint



Call for rejected applicants to reapply after finding poor recording of Blue Badge decisions

Case reference: [19 011 326](#)

We found that London Borough of Barking & Dagenham failed to correctly interpret the Department for Transport's guidance regarding Blue Badge applications. It was unable to provide evidence showing how it had made the decision to reject a complainant's application and did not keep applicants' details on file. We were concerned other applicants were likely to have been disadvantaged by the council's actions. The council agreed to a range of recommendations to amend its procedures, train staff and improve record keeping. Significantly, it agreed to publish a notice on its website inviting any rejected Blue Badge applicants from within the previous six months to reapply.



78% of transport complaints upheld

The impact of a single complaint



Commitment to policy change after woman and child fleeing domestic violence are left unsupported

Case reference: [19 006 011](#)

Our investigation found London Borough of Wandsworth failed to properly consider relaxing its local area connection criterion when a single mother fleeing domestic violence asked for help. Instead of considering the woman and her child as homeless, it encouraged her to withdraw her homelessness application and apply to the council where she had suffered violence for help. We recommended, and the council agreed, to make payments to the woman for the months she was in unsuitable accommodation. It also agreed to our service improvement recommendations to train its officers about the duty owed to those fleeing domestic violence and amend its housing allocation policy.



75% of homelessness complaints upheld

The impact of a single complaint



Review launched of couples separated by care needs after man suffers when council splits him from his wife

Case reference: [18 015 872](#)

Royal Borough of Windsor & Maidenhead Council committed to reviewing cases where couples had been separated by their care needs after our investigation found they did not properly consider or assess the needs of a man living at home when his wife was moved to a care home. The man's health quickly deteriorated, and he sadly died before his family's concerns were responded to. The council gave a fulsome apology for what happened and made a payment to the family. It agreed to our service improvement recommendations to review other similar cases, ensure its assessment practice is consistent and Care Act compliant, review its commissioning practice, and follow up to ensure care providers sustain improvements following complaints of poor practice.



82% of home care complaints upheld

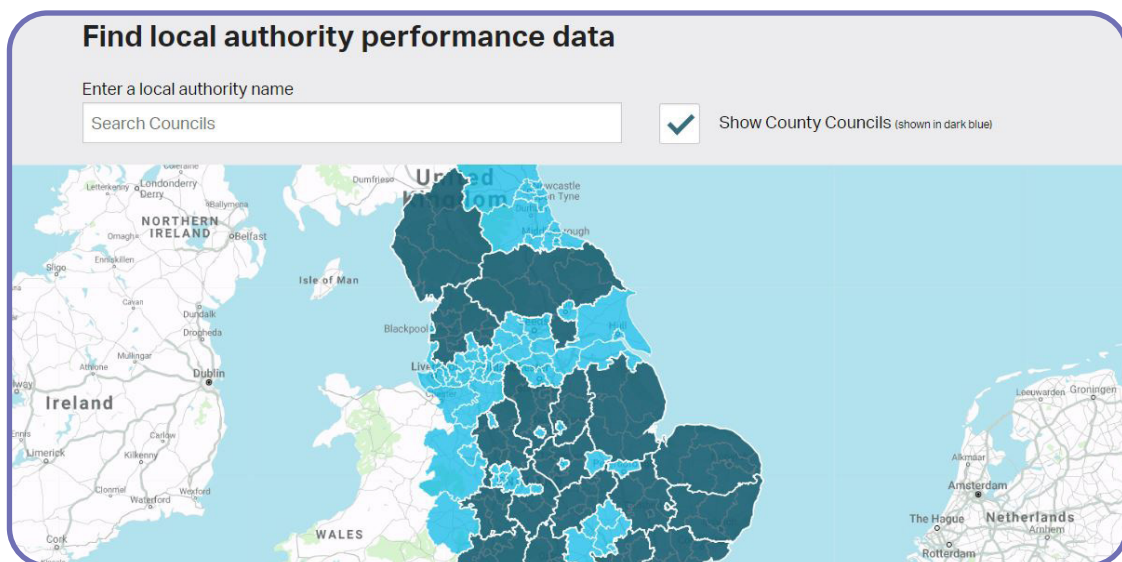


Raising the profile of complaints

Complaints are a valuable tool for local authorities, providing an early warning of possible problems, free intelligence from people who use services, and a tool for supporting good governance, risk and audit functions.

Assessing performance

Our [council performance map](#) places all our council complaint statistics in a single, interactive hub. It is a mine of searchable information that can be used by council officers to learn from complaints, by councillors to scrutinise the performance of their authority, and by members of the public to hold their council to account. It also allows comparisons to be made between similar councils.



Every council has a dedicated page where we show the following key statistics:

- **Complaints upheld** - We uphold complaints when we find some form of fault in an authority's actions, including where the authority accepted fault before we investigated.
- **Compliance with recommendations** - We recommend ways for authorities to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.
- **Satisfactory remedy provided by the authority** - In these cases, the authority upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit authorities that accept fault and find appropriate ways to put things right.

Each council page also includes our annual review letters, links to decisions we have made, public interest reports published, and every service improvement the council has agreed to make.

As part of this report, we also publish [data tables](#) providing complaints information at local authority level, which can be freely analysed and segmented.

Raising the profile of complaints

How elected officials can use our data to hold authorities to account

Listening to public concerns is an essential component of a well-run, accountable local authority that is committed to public engagement, learning and improvement. As a councillor or member of parliament, you can use information about complaints to help identify issues affecting local people and assess how your council is responding to them. Using the statistics we publish, we suggest some key lines of enquiry for you to consider.

- **Uphold rates** show the proportion of investigations in which we find some fault and can indicate problems with services. How does your council compare against the national averages or other similar authorities?
- **Offering a suitable remedy** for a complaint before it comes to us is a good sign your authority can accept fault and offer appropriate ways to put things right. How often does your authority do this, and how does it compare with others?
- **Compliance rates** show the proportion of cases in which we are satisfied our recommendations have been implemented (based on the evidence authorities give us). Compliance below 100% is rare. Does your authority have a 100% compliance rate – if not, what is it doing to scrutinise complaints where it failed to comply?
- **Service improvement recommendations** show what your authority agrees to do following our investigations, to make things better for everyone. Do you track the service improvements your authority agrees to make? How are they being implemented, and their impact monitored?

Binding decisions: non-binding recommendations

Our decisions on fault and injustice are binding and can only be challenged through the courts.

Our remedies and service improvements are non-binding recommendations. The final decision on whether to accept our recommendations rests with elected members.

This is an important distinction and maintains local democracy as the central tenet to the complaints process.

Elected members are vital to the integrity of the process. They can champion the voice of complainants and use local democratic processes to hold officers to account where appropriate.

We recently saw Cornwall councillors successfully overturn a proposal by its officers not to comply with all of the recommendations we made to put right the fault we found in an adult care case. Councillors cited the importance of putting right the injustice, regardless of the expected cost of doing so. The case demonstrates the valuable role councillors play in upholding public confidence in the complaints system.

**Local Government and Social Care
Ombudsman**

PO Box 4771
Coventry
CV4 0EH

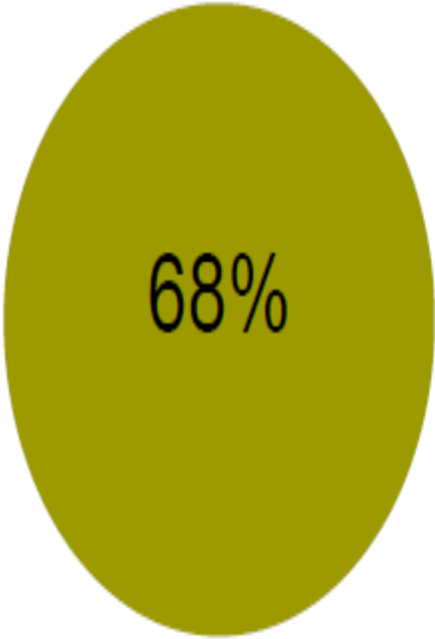
Phone: 0300 061 0614
Web: www.lgo.org.uk
Twitter: [@LGOmbudsman](https://twitter.com/LGOmbudsman)

Benchmarking data for LCC Statistical neighbours – Local Government and Social Care Ombudsman complaints and investigations during 2020-21

Authority	New Complaints received	Total population (2020)	Complaints per 100,000 residents	% Fault Found
Oxfordshire	37	696,880	5.3	44
Worcestershire	32	598,070	5.4	89
Cambridgeshire	39	657,204	5.9	64
Somerset	36	563,851	6.4	76
Leicestershire	52	713,085	7.3	68
Nottinghamshire	65	833,377	7.8	54
Northamptonshire (former authority)	61	757,181	8.1	65
Hampshire	115	1,389,206	8.3	87
Gloucestershire	54	640,650	8.4	55
North Yorkshire	53	620,610	8.5	74
Warwickshire	50	583,786	8.6	67
Essex	134	1,497,759	8.9	72
Derbyshire	81	807,183	10.0	68
West Sussex	89	867,635	10.3	75
Staffordshire	100	883,172	11.3	84
Suffolk	95	761,246	12.5	67

Leicestershire County Council Performance 2020-21

Complaints upheld



68%

68% of complaints we investigated were upheld.

This compares to an average of 71% in similar authorities.

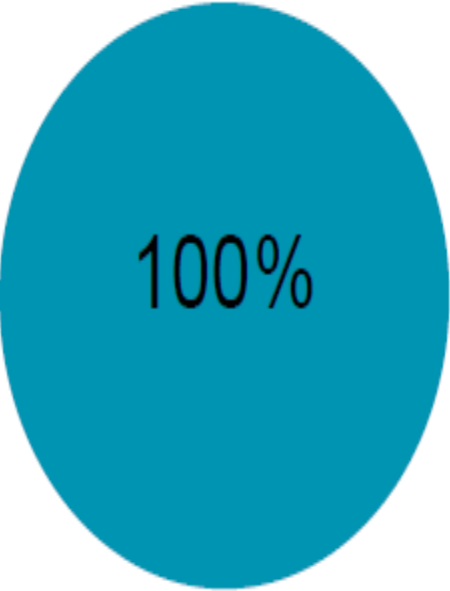
13

upheld decisions

Statistics are based on a total of 19 detailed investigations for the period between 1 April 2020 to 31 March 2021

Leicestershire County Council Performance 2020-21

Compliance with Ombudsman recommendations



100%

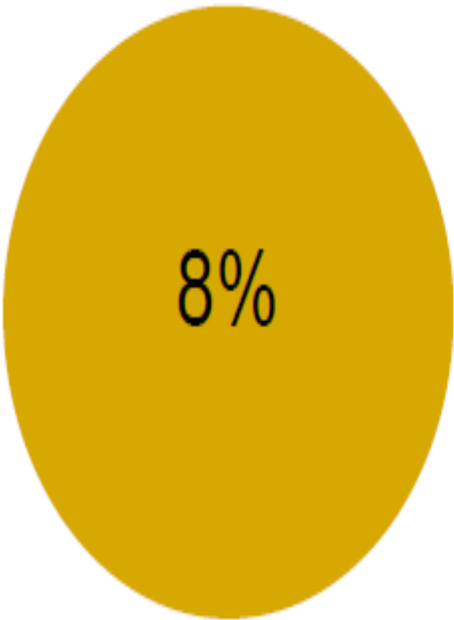
In 100% of cases we were satisfied the authority had successfully implemented our recommendations.

This compares to an average of 100% in similar authorities.

Statistics are based on a total of 7 compliance outcomes for the period between 1 April 2020 to 31 March 2021

Leicestershire County Council Performance 2020-21

Satisfactory remedy provided by the authority



8%

In 8% of upheld cases we found the authority had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of 8% in similar authorities.

1

satisfactory remedy decision

Statistics are based on a total of 19 detailed investigations for the period between 1 April 2020 to 31 March 2021



CORPORATE GOVERNANCE COMMITTEE – 5 NOVEMBER 2021

REPORT OF THE DIRECTOR OF LAW AND GOVERNANCE

REVISED MEMBERS' CODE OF CONDUCT AND PROTOCOL ON MEMBER/OFFICER RELATIONS

Purpose of Report

1. The purpose of this report is to present to Members a revised Members' Code of Conduct for consideration prior to it being submitted to full Council on 1st December 2021 for approval. The revised Code is based on the new model code recently produced by the Local Government Association (LGA) following the recommendations made by the Committee on Standards in Public Life.
2. The report also presents a revised Protocol on Member/Officer Relations, which has been updated to reflect current practice and to provide greater clarity on the respective roles of Members and Officers.

Background

3. The Localism Act 2011 ('the Act') places the Authority under a duty to promote and maintain high standards of conduct. In discharging this duty, the Authority is required to adopt a Code dealing with the conduct that is expected of its members and co-opted members. The Act abolished the previous national model Code and instead imposed a simple requirement that each authority put in place a Code which, when viewed as a whole, is consistent with the 7 principles of public life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and which includes provisions in respect of the registration and disclosure of pecuniary interests and interests other than pecuniary interests.
4. The County Council's current Members' Code of Conduct was adopted by full Council on 4th July 2012. At the same time the Council gave this Committee responsibility for dealing with matters relating to the Code. It is therefore the body responsible for ensuring the Council fulfils its duty to promote high standards of conduct and to make recommendations to the full County Council on the form of the Council's Members' Code of Conduct.
5. In January 2021, the LGA issued a new draft model Code of Conduct. This was followed in July 2021 with detailed guidance on that model Code. This model Code has been developed by the LGA following a report by the Committee on Standards in Public Life which made various recommendations

to strengthen the code, details of which were presented to this Committee on 10th May 2019.

6. As Leicestershire is a two-tier authority area, many Members of the County Council serve on two or more local authorities (i.e. are dual-hatted County and district councillors). Discussions have therefore taken place between the Monitoring Officer and the Monitoring Officers of the district councils within Leicestershire with a view to identifying areas of commonality to achieve, as far as possible, a common code between the County and district councils. It is believed that this will assist those members who are 'dual-hatted' and avoid the need to apply two different codes. At the same time, it is important to recognise that district councils have responsibility for conduct related issues in respect of parish councils which inevitably will entail some limited differences between the County Code and District Codes.
7. A working group was established of Monitoring Officers and minor revisions were made to the LGA Model Code to reflect local issues, creating a locally amended Model Code. Consideration was given to more extensive redrafting, but it was decided not to proceed with this, as there was a wish to avoid significant changes that would impact on the integrity of the LGA model.
8. The locally amended Model Code was subsequently considered on 6th October by a subgroup of the Corporate Governance Committee. A representative from the Labour group currently not represented on the Committee was also invited, to consider the revised Code of Conduct.

The Model Code

9. The draft locally amended Model Code is attached as Appendix A to this report. The main points to highlight are:

General

- (a) The application of the code (page 2) which is expressed to apply 'when you are acting *or are claiming to act* in your capacity as a councillor'. This may include when you misuse your position as a councillor, or your actions give the impression to a reasonable member of the public with knowledge of all the facts that you are acting as a councillor.
- (b) The section on behaviours is largely as per the County Council's current code except that it has been redrafted by the LGA to be expressed in the first person rather than the third person, as per the current County Council Code.
- (c) There is a new section requiring members to cooperate with an investigation and confirming that members will comply with any sanction imposed (para 9).

- (d) For the first time there is guidance (not part of the Code) dealing with social media issues. This is an area which generates a number of complaints and so guidance on this issue may be welcome.

Interests

10. The section on interests contains the most differences. The LGA Model Code refers to three types of interest as follows:
- (a) *Disclosable Pecuniary Interests* - Disclosable Pecuniary Interests (or 'DPIs') were introduced by s30 of the Localism Act 2011. They are a category of interests which relate to the member and/or their partner, such as financial interests of you or your partner, such as your house or other property, or if you have a job or own a business. The categories are set out in regulations made under the Act and knowing non-compliance is a criminal offence.
 - (b) *Other registrable interests* - These are categories of interest which have been identified by the LGA as requiring registration as an aid to transparency. These relate to:
 - Details of any body of which you are a member or in a position of general control or management and to which you are appointed by your local authority.
 - Details of any body of which you are a member or in a position of general control or management and which exercises functions of a public nature, is directed to charitable purposes, or has the principal purpose of influencing public opinion or policy.
 - Details of any gifts or hospitality with an estimated value of more than £50 received in connection with your official duties.
 These interests are personal to you only and do not apply to your spouse /partner etc.
 - (c) *Non- registrable interests* - These are your own interests or those of your family/relative/close associate etc. which are not required to be registered but will need to be declared as and when they arise.

Declarations at meetings

11. The requirement to declare an interest at a meeting is as follows:
- (a) *DPI* - Where you have a Disclosable Pecuniary Interest in any matter to be considered at a meeting you must disclose the interest, not participate in any discussion or vote on the matter and you must not remain in the room unless you have been granted a dispensation.
 - (b) *Other Registrable Interests* - Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your Other Registrable Interests, you must disclose that interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting, but otherwise must not take part in any discussion

or vote on the matter and must not remain in the room unless you have been granted a dispensation. Where a matter simply **affects** such an interest, then the test detailed in paragraph (c) below applies.

(c) *Non-registrable interests -*

- Where a matter arises at a meeting which **directly relates** to your financial interest or well-being or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.
- Where a matter arises at a meeting which **affects** your own financial interest or well-being, a financial interest or well-being of a relative or close associate, or a financial interest or wellbeing of a body included under Other Registrable Interests, you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing that interest the following test should be applied.

The test

Where a matter **affects** a financial interest or well-being:

- (i) to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- (ii) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest;

you may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

There are various allowances for sensitive interests etc.

12. The table below is extracted from the LGA guidance to assist in understanding how the various interests will apply in practice:

No.	TYPE	SPEAK*	VOTE	STAY	EXAMPLE	COMMENTS
1	DPI	N	N	N	Awarding a contract to your own company Planning application for your property Resident parking zone includes your house	<i>Directly relates to DPI-foreseeable-narrow-criminal</i>
2a	ORI	If public allowed to	N	N	Awarding/withdrawing grant funding to a body of which you are a member e.g. village hall Granting planning permission to a body of which you are a member	<i>Directly relates to finances-foreseeable-narrow-can "address" meeting if public can do, but not take part in discussion.</i>
2b	ORI	Test	Test	Test	Awarding grant funding to a body other than the body of which you are a member e.g. competitor to village hall	<i>Affects finances or wellbeing-test (1) greater than majority of inhabitants and (2) reasonable public-affect view of public interest</i>
3a	NRI	If public allowed to	N	N	Determining an application submitted by your sister or your neighbour for a dog breeding licence Partner with free parking permit and policy review decision to be made Councillor objects in private capacity to neighbours planning application cannot sit on PC as statutory consultee	<i>Directly relates to finances of you, partner (not a DPI)-a relative or close associate- Unforeseeable- can "address" meeting if public can do, but not take part in discussion.</i>
3b	NRI	Test	Test	Test	Application for housing development on land near to partners business property Your neighbour applies	<i>Affects finances or wellbeing-test 1) greater than majority of inhabitants and (2) reasonable public-affect view of</i>

					for planning permission	public interest
2b/3b	NRI	Test	Test	Test	Road works noise outside your house Odours from nearby refuse tip ASB from rough sleepers housed in B+B's nearby	<i>May not affect finances but Well-being=quality of life – apply 2-stage test</i>

Other Leicestershire local authorities

13. The locally amended LGA Model Code will be/has been considered by district councils through their own governance processes as set out below:

Charnwood BC	Its Member Conduct Committee decided to wait to see the approach agreed by the County Council – it felt it was important to have a shared Code if possible, for the benefit of dual-hatted Members.
Oadby and Wigston BC	Constitutional Committee recommending approval by full Council in December 2021.
Hinckley and Bosworth BC	Being considered by Committee in October and full Council in November 2021.
Blaby DC	Officers recommending change to the model LGA code with the local amendments.
Harborough DC	Being considered by committee in October.
Melton BC	tbc
North West Leicestershire DC	A strategy group of members has considered the LGA model code with local amendments and are awaiting information in relation to the approach to be adopted by the County Council.

Comments of the Corporate Governance Committee Subgroup

14. A small group of Members drawn from the Corporate Governance Committee met on 6th October (including a representative from the Labour group) and their views and guidance were sought on the locally amended Model Code. The group were supportive of taking this forward to the Committee and thereafter to the County Council for approval of the adoption of the revised Code of Conduct for Members into the Council's constitution.

Protocol on Member/Officer Relations

15. The Protocol on Member/Officer Relations forms Part 5C of the Constitution. Article 15 of the County Council's Constitution gives the Chief Executive a duty to monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect. It requires that changes to the document should only be approved by the full County Council after consideration of the proposal by the Chief Executive and the Constitution Committee or, the Corporate Governance Committee. Given the Protocol's close relationship with the Code of Conduct, it is considered appropriate that the Corporate Governance Committee considers the proposed changes to it.
16. The revised Protocol is attached as Appendix B to this report. The key changes that have been made are:
 - (i) Strengthening the links between the Protocol, the Member and Officer Codes of Conduct and the Media Relations Protocol (paragraphs 2 and 11);
 - (ii) Providing greater clarity about the distinct roles and responsibilities of members and officers (paragraphs 4 – 7);
 - (iii) Expanding on the principle in the previous Protocol that Members and Officers should treat each other with mutual trust and respect (paragraphs 8 – 11 of the revised Protocol);
 - (iv) Providing guidance on how information relating to local issues should be shared with members (paragraphs 26 – 31).
17. Other minor changes have been to improve the clarity of language and to reflect current practice.

Conclusion and next steps

18. If the Committee resolve to change the Code and accept the proposed revisions to the Protocol on Member/Officer Relations, these documents will be presented to full Council in December with a view to the Constitution being amended thereafter.
19. A comprehensive training programme will be developed to ensure members are aware of the change and conversant with the terms of any code adopted.

Recommendation

16. The Committee is asked to recommend:

- (a) That the County Council approve the adoption of the revised Code of Conduct for Members as set out in Appendix A to this report;
- (b) That the County Council approve the adoption of the revised Protocol on Member/Officer Relations as set out in Appendix B to this report.

Equality and Human Rights Implications

17. None arising from this report.

Background papers

LGA Model Code of Conduct

Report to Full Council on 4th July 2012 – Review and Revision of the Constitution
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=3530&Ver=4>

Report to the Corporate Governance Committee on 10 May 2019 – ‘Ethical Standards in Local Government’
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=5854&Ver=4>

Report to the Corporate Governance Committee on 24 July 2020 – ‘LGA Model Code of Conduct Consultation’
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=6055&Ver=4>

[Constitution of Leicestershire County Council](#)

Circulation under the Local Issues Alert Procedure

None.

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Appendices

Appendix A - LGA Model Code with local amendments

Appendix B – Revised Protocol on Member/Officer Relations

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[Council Name]

Member Code of Conduct

BACKGROUND TO THIS CODE OF CONDUCT

This section sets out general interpretation and background to the Code of Conduct, including definitions used within the code, the purpose of the code, the principles the code is based on and when the code applies. It does not form part of the Code of Conduct itself and consequently does not contain any obligations for you to follow, as these are contained in the 'Code of Conduct' section below.

All councils are required to have a local Member Code of Conduct.

Definitions

For the purposes of this Code of Conduct, a “member” means a member or co-opted member of **[Council Name]** ('the Council').

A “co-opted member” is defined in the Localism Act 2011 Section 27(4) as “a person who is not a member of the authority but who

- a) is a member of any committee or sub-committee of the authority, or;
- b) is a member of, and represents the authority on, any joint committee or joint subcommittee of the authority;

and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee”.

Purpose of the Code of Conduct

The purpose of this Code of Conduct is to assist you, as a member, in modelling the behaviour that is expected of you, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you. It is also to protect you, the public, fellow members, Council officers and the reputation of the council and local government. It sets out general principles of conduct expected of all members and your specific obligations in relation to standards of conduct. The fundamental aim of the Code is to create and maintain public confidence in the role of member and local government.

General principles of member conduct

Everyone in public office at all levels; i.e. all who serve the public or deliver public services, including ministers, civil servants, members and council officers; should uphold the [Seven Principles of Public Life](#), also known as the Nolan Principles, which are set out in Appendix A.

Building on these principles, the following general principles have been developed specifically for the role of member and these principles underpin the obligations in the Code of Conduct that follows.

In accordance with the public trust placed in you, you should:

- act with integrity and honesty
- act lawfully
- treat all persons fairly and with respect; and
- lead by example and act in a way that secures public confidence in the role of member.

In undertaking your role you should:

- impartially exercise your responsibilities in the interests of the local community
- do not improperly seek to confer an advantage, or disadvantage, on any person
- avoid conflicts of interest
- exercise reasonable care and diligence;
- ensure that public resources are used prudently in accordance with your Council's requirements and in the public interest; and
- uphold high standards of conduct, show leadership at all times and not misuse your position when acting as a member

Application of the Code of Conduct

This Code of Conduct applies to you as a member or co-opted member of the Council. It applies as soon as you sign your declaration of acceptance of the office of member or attend your first meeting as a co-opted member and continues to apply to you until you cease to be a member.

This Code of Conduct applies to you when you:

- act in your capacity as a member or co-opted member of the Council; and
- conduct the business of the Council (which, in this Code, includes the business of the office to which you are elected or appointed).

Where you act as a representative of the Council:

- on another relevant authority, you must, when acting for that other authority, comply with that other authority's code of conduct; or
- on any other body, you must, when acting for that other body, comply with this Code of Conduct, except and insofar as it conflicts with any other lawful obligations to which that other body may be subject.

The Code applies to all forms of communication and interaction, including:

- at face-to-face meetings
- at online or telephone meetings
- in written communication
- in verbal communication
- in non-verbal communication
- in electronic and social media communication, posts, statements and comments.

Your Monitoring Officer has statutory responsibility for the implementation of the Code of Conduct. It is your responsibility to comply with the provisions of this Code and to ensure all its obligations are met. You are encouraged to seek advice from the Monitoring Officer on any matters that may relate to the Code of Conduct which you are unsure of. [Town and parish members are encouraged to seek advice from their Monitoring Officer or Clerk (who may refer matters to the Monitoring Officer).]

THE CODE OF CONDUCT

Standards of member conduct

This section sets out your obligations, which are the minimum standards of conduct required of you as a member. Should your conduct be perceived to fall short of these standards or the Nolan Principles, a complaint may be made against you, which may result in action being taken.

Guidance is included to help explain the reasons for the obligations and how they should be followed.

General Conduct

1. Respect

As a member:

1.1 I will treat others member with respect.

1.2 I will treat council officers , employees and representatives of partner organisations and those volunteering for the council with respect and respect the role they play.

Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a member, you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personal attack.

In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and confidence in members.

In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidatory or threatening you are entitled to stop any conversation or interaction in person or online and notify them to the Council, the relevant social media provider or the police. This also applies to fellow members, where action could then be taken under the Member Code of Conduct, and council officers where concerns should be raised in line with the council's member-officer protocol.

2. Bullying, harassment and discrimination

As a member:

2.1 I will not bully any person.

2.2 I will not harass any person.

2.3 I will promote equalities and do not discriminate unlawfully against any person.

The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Bullying might be

a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

Unlawful discrimination is where someone is treated unfairly because of a protected characteristic. Protected characteristics are specific aspects of a person's identity defined by the Equality Act 2010. They are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Equality Act 2010 places specific duties on local authorities. Members have a central role to play in ensuring that equality issues are integral to the Council's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

3. Impartiality of officers of the Council

As a member:

3.1 I will not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the council.

Officers work for the council as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. You can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written. However, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

4. Confidentiality and access to information

As a member:

4.1 I will not disclose information:

- a. given to me in confidence by anyone**
- b. acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless**
 - i. I have received the consent of a person authorised to give it;**
 - ii. I am required by law to do so;**
 - iii. the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or**
 - iv. the disclosure is:**
 - 1. reasonable and in the public interest; and**
 - 2. made in good faith and in compliance with the reasonable requirements of the Council; and**

3. I have consulted the [Monitoring Officer/Clerk] prior to its release.

4.2 I will not improperly use knowledge gained solely as a result of my role as a member for the advancement of myself, my friends, my family members, my employer or my business interests.

4.3 I will not prevent anyone from getting information that they are entitled to by law.

Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public, except in certain legally defined circumstances. You should work on this basis, but there will be times when it is required by law that discussions, documents and other information relating to or held by the council must be treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

5. Disrepute

As a member:

5.1 I will not bring my role or Council into disrepute or conduct myself in a manner which could reasonably be regarded as bringing my role or Council into disrepute.

As a Member, you are trusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on you, other members and/or the Council and may lower the public's confidence in you or the Council's ability to discharge your/its functions. For example, behaviour that is considered dishonest and/or deceitful can bring the Council into disrepute.

You are able to hold the Council and fellow members to account and are able to constructively challenge and express concern about decisions and processes undertaken by the Council whilst continuing to adhere to other aspects of this Code of Conduct.

6. Use of position

As a member:

6.1 I will not use, or attempt to use, my position improperly to the advantage or disadvantage of myself or anyone else.

6.2 I will not place myself under a financial or other obligation to outside individuals or organisations that might seek to influence me in the performance of my official duties.

Your position as a member of the Council provides you with certain opportunities, responsibilities and privileges, and you make choices all the time that will impact others. However, you should not take advantage of these opportunities to further your own or others' private interests or to disadvantage anyone unfairly.

As a member you need to be able to act impartially in the exercise of your responsibilities and ensure that you make decisions in the interests of the local community. You should

therefore avoid any financial or other obligations to outside individuals or organisations whose influence may prevent you from acting impartially..

7. Use of Council resources and facilities

As a member:

7.1 I will not misuse council resources.

7.2 I will, when using the resources of the Council or authorising their use by others:

- a. act in accordance with the Council's requirements; and**
- b. ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the Council or of the office to which I have been elected or appointed.**

You may be provided with resources and facilities by the Council to assist you in carrying out your duties as a member.

Examples include:

- office support
- stationery
- equipment such as phones, ipads, dongles computers etc.
- transport
- access and use of council buildings and rooms.

These are given to you to help you carry out your role as a member more effectively and are not to be used for business or personal gain. They should be used in accordance with the purpose for which they have been provided and the council's own policies regarding their use.

8. Making decisions

As a member:

8.1 When reaching decisions on any matter I will have regard to any relevant advice provided to me by officers and professional third parties.

8.2 I will give reasons for all decisions in accordance with any statutory requirements and any reasonable additional requirements imposed.

8.3 I will make all choices, such as making public appointments, awarding contracts or recommending individuals for rewards or benefits, on individual and independent merit

8.4 I will be as open as possible about my decisions and actions and the decisions and actions of the authority and will be prepared to give reasons for those decisions and actions, notwithstanding my other obligations under this Code.

To assist members in acting lawfully, officers may give advice from time to time. It is important that as a member you have due regard to any such advice given and consider it fully, even if (for good reason) you may choose not to follow that advice.

In making any decisions, giving reasons helps instil public confidence in the role of the member and can be a legal requirement in certain situations. You should ensure that you always give reasons in accordance with any specific requirements and having regard to the benefits of transparency generally.

As a member you must act impartially and not improperly seek to confer an advantage, or disadvantage, on any person. It is therefore important that when you are making decisions that involve choosing one party over another, that you do so based on independent merit. You should be open and transparent about the decisions that you have made and the actions of the authority.

9. Complying with the Code of Conduct

As a Member:

9.1 I will undertake Code of Conduct training provided by my Council.

9.2 I will cooperate with any Code of Conduct investigation and/or determination.

9.3 I will not intimidate or attempt to intimidate any person who is likely to be involved with the administration of any investigation or proceedings.

9.4 I will comply with any sanction imposed on me following a finding that I have breached the Code of Conduct.

It is extremely important for you as a member to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the Council or its governance. If you do not understand or are concerned about the council's processes in handling a complaint you should raise this with the Monitoring Officer.

Protecting your reputation and the reputation of the Council

10. Interests

As a member:

10.1 I will register and disclose my interests in accordance with the provisions set out in Appendix B

Section 29 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of interests of members of the authority.

You need to register your interests so that the public, Council employees and fellow members know which of your interests might give rise to a conflict of interest. The register is a public document that can be consulted when (or before) an issue arises. The register also protects you by allowing you to demonstrate openness and a willingness to be held accountable. You are personally responsible for deciding whether or not you should disclose an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise. It is also important that the public know about any interest that might have to be disclosed by you or other members when making or taking part in

decisions, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained.

You should note that failure to register or disclose a disclosable pecuniary interest as defined in Appendix B, is a criminal offence under the Localism Act 2011.

The provisions of this paragraph 10.1 shall be applied in such a manner as to recognise that this Code of Conduct should not obstruct a member's service on more than one local authority. For the avoidance of doubt, participation in discussion and decision-making at one local authority will not by itself normally prevent you from taking part in discussion and decision-making on the same matter at another local authority. This is on the basis that a reasonable member of the public will see no objection in principle to such service or regard it as prejudicing a member's judgement of the public interest and will only regard a matter as giving rise to an interest which might lead to bias in exceptional circumstances.

Appendix B sets out the detailed provisions on registering and disclosing interests. If in doubt, you should always seek advice from the Monitoring Officer, or from the clerk in the case of town and parish councils.

11. Gifts and hospitality

As a member:

- 11.1 I will not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the Council or from persons who may apply to the Council for any permission, licence or other significant advantage.**
- 11.2 I will register with the [Monitoring Officer/Clerk] any gift or hospitality with an estimated value of at least £50 within 28 days of its receipt.**
- 11.3 I will register with the [Monitoring Officer/Clerk] any significant gift or hospitality with an estimated value of at least £50 that I have been offered but have refused to accept.**

In order to protect your position and the reputation of the Council, you should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a member. The presumption should always be not to accept significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case you could accept it but must ensure it is publicly registered. However, you do not need to register gifts and hospitality which are not related to your role as a member, such as Christmas gifts from your friends and family. It is also important to note that it is appropriate to accept normal expenses and hospitality associated with your duties as a member. If you are unsure, do contact the Monitoring Officer or Clerk for guidance.

12. Dispensations

As a member:

- 12.1 I may request a dispensation from the **[Proper Officer]** for one meeting only.
- 12.2 I must make the request in writing detailing what my interest is, why the dispensation is required and for what meeting.
- 12.3 I must make my request 5 days prior to the meeting at which the Dispensation is required.
- 12.4 If I wish to make a further request for dispensation, this must be made to the **[Relevant Officer/Committee]**.
- 12.5 I will only be granted a Dispensation where there are reasonable grounds for doing so and where such grounds are in the public interest.

Appendix B sets out the situations where a Member's personal interest in a matter may prevent them from participating in the decision-making process. In certain circumstances, however, there may be reasonable grounds to allow a Member to participate in decision-making on that matter where it would be in the public interest to do so. Where you consider that there may be good grounds for you to continue to participate you should request a dispensation from the Monitoring Officer.

Appendices

Appendix A – The Seven Principles of Public Life

The principles are:

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must disclose and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix B – Interests

1. Definitions

“**Disclosable Pecuniary Interest**” means any interest described as such in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#) and includes an interest of yourself, or of your Partner (if you are aware of your Partner's interest) that falls within the descriptions set out in the following table. A Disclosable Pecuniary Interest is a Registerable Interest.

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the member during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a member, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the member or his/her spouse or civil partner or the person with whom the member is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and Property	Any beneficial interest in land which is within the area of the council. ‘Land’ excludes an easement, servitude, interest or right in or over land which does not give the member or his/her spouse or civil partner or the person with whom the member is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income.

Licenses	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer
Corporate tenancies	Any tenancy where (to the member's knowledge)— (a) the landlord is the council; and the tenant is a body that the member, or his/her spouse or civil partner or the person with whom the member is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the member's knowledge) has a place of business or land in the area of the council; and (b) either— (i)) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the member, or his/ her spouse or civil partner or the person with whom the member is living as if they were spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

"Other Registerable Interest" is a personal interest in any business of your authority which relates to or is likely to affect:

- a) any body of which you are in general control or management and to which you are nominated or appointed by your authority; or
- b) any body

- (i) exercising functions of a public nature
- (ii) any body directed to charitable purposes or
- (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)

“Registrable Interests” are interests that you are required to register in accordance with this Code of Conduct and include both Disclosable Pecuniary Interests and Other Registerable Interests.

“Non-Registrable Interests” are interests that you are not required to register but need to be disclosed in accordance with section 3.3.

A **“Dispensation”** is agreement that you may continue to participate in the decision-making process notwithstanding your interest as detailed at section 12 of the Code of the Conduct and this Appendix B.

A **“Sensitive Interest”** is as an interest which, if disclosed, could lead to the member, or a person connected with the member, being subject to violence or intimidation. In any case where this Code of Conduct requires to you to disclose an interest (subject to the agreement of the Monitoring Officer in accordance with paragraph 2.2 of this Appendix regarding registration of interests), you do not have to disclose the nature of the interest, if it is a Sensitive Interest. In such circumstances you just have to disclose that you have an interest.

A matter **“directly relates”** to one of your interests where the matter is directly about that interest. For example the matter being discussed is an application about a particular property in which you or somebody associated with you has a financial interest.

A matter **“affects”** your interest where the matter is not directly about that interest but would still have clear implications for the interest. For example, the matter concerns a neighbouring property.

2. Registering Interests

- 2.1. Within 28 days of becoming a member or co-opted member or your re-election or re-appointment to office you must register with the Monitoring Officer any Disclosable Pecuniary Interests and any Other Registerable Interests.
- 2.2. Where you have a Sensitive Interest you must notify the Monitoring Officer with the reasons why you believe it is a Sensitive Interest. If the Monitoring Officer agrees they will withhold the interest from the public register.
- 2.3. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.

3. Declaration at and Participation in Meetings

If you are present at a meeting and you have either a Registerable or Non-Registerable Interest in any matter to be considered or being considered, and the interest is not a Sensitive Interest, you must disclose that interest to the meeting (whether or not it is registered).

To determine whether your interest affects your ability to participate in a meeting, you must first determine what type of interest you have and, if necessary, go on to apply the tests as set out below.

3.1. Disclosable Pecuniary Interests

3.1.1. Where a matter arises at a meeting which **directly relates** to one of your Disclosable Pecuniary Interests subject to paragraph 3.2.2 below:

- a. you must disclose the interest;
- b. not participate in any discussion or vote on the matter; and
- c. must not remain in the room unless you have been granted a Dispensation.

3.2. Other Registerable Interests

3.2.1. Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your Other Registerable Interests subject to paragraph 3.2.2 below:

- a. you must disclose the interest;
- b. may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter; and
- c. must not remain in the room unless you have been granted a Dispensation.

3.2.2 The provisions of paragraph 3.1.1 and 3.2.1 shall be applied in such a manner as to recognise that this Code should not obstruct a member's service on more than one local authority. For the avoidance of doubt, participation in discussion and decision making at one local authority will not by itself normally prevent you from taking part in discussion and decision making on the same matter at another local authority. This is on the basis that a reasonable member of the public will see no objection in principle to such service or regard it as prejudicing a member's judgement of the public interest and will only regard a matter as giving rise to a Personal Interest which might lead to bias in exceptional circumstances.

3.3. Non-Registerable Interests

3.3.1. Where a matter arises at a meeting which **directly relates** to a financial interest or the well-being of yourself or of a friend, relative or close associate (and is not a Registerable Interest):

- a. you must disclose the interest;
- b. may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter; and
- c. must not remain in the room unless you have been granted a Dispensation.

3.3.2. Where a matter arises at a meeting which does not directly relate to but **affects**

- a. a financial interest or the well-being of yourself or of a friend, relative or close associate; or
- b. a financial interest or wellbeing of a body included in those you need to disclose under Other Registerable Interests

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test in paragraphs 3.3.3 and 3.3.4 should be applied.

3.3.3. Where a matter under paragraph 3.3.2 **affects** the financial interest or well-being or body:

- a. to a greater extent than it affects the financial interests or wellbeing of the majority of inhabitants of the ward affected by the decision; and
- b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest;

you may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a Dispensation.

3.3.4. Where a matter under paragraph 3.3.2 does not affect the financial interest or well-being or body:

- a. to a greater extent than it affects the financial interests or wellbeing of the majority of inhabitants of the ward affected by the decision; and/or
- b. a reasonable member of the public knowing all the facts would not believe that it would affect your view of the wider public interest;

you may remain in the room, speak if you wish to and take part in any discussion or vote on the matter, provided you have disclosed your interest under paragraph 3.3.2.

4. Single-Member-Decision-Making

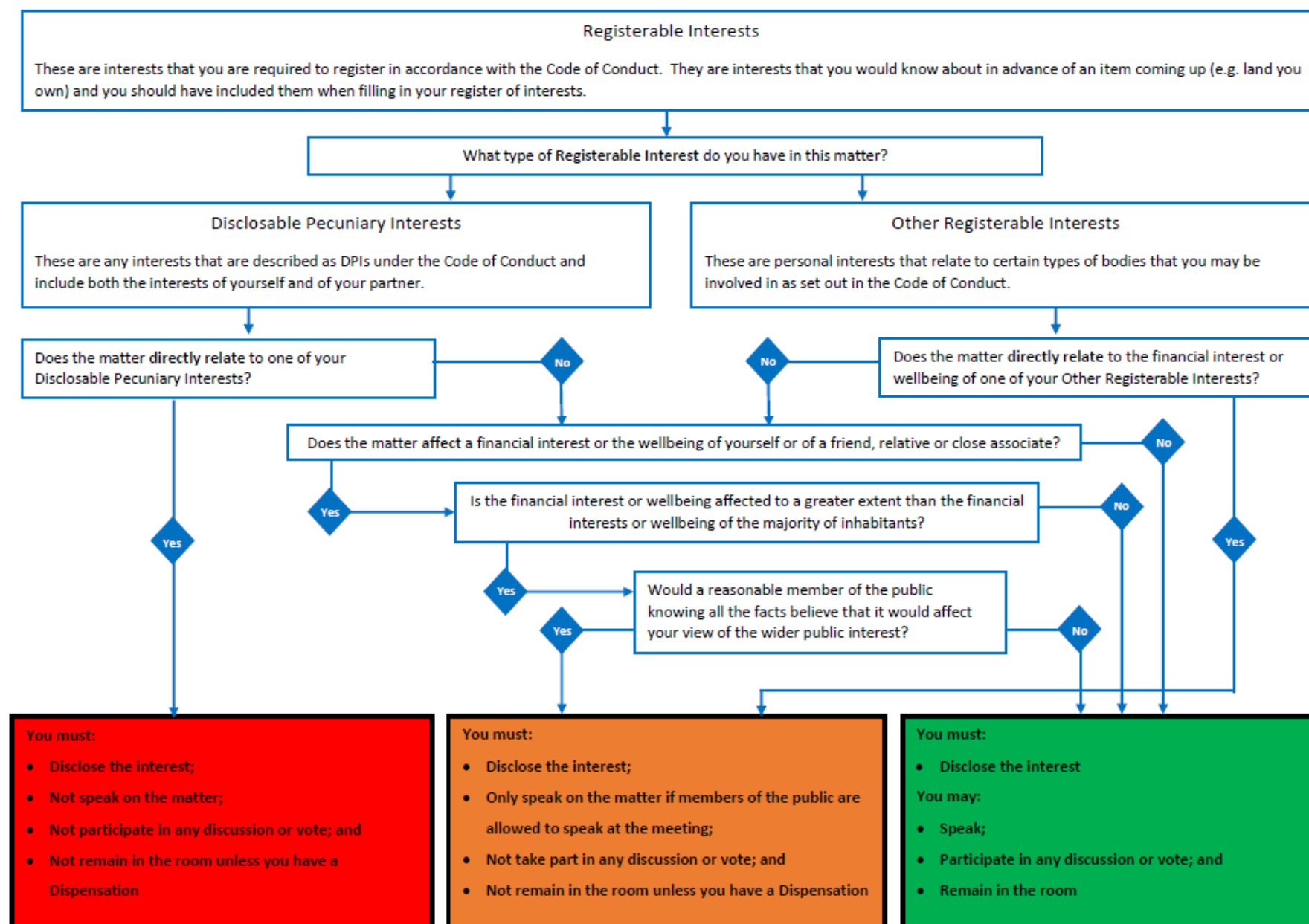
4.1. Some local authorities operate single-member-decision-making where their constitutions allow. In the event that you are making a decision as a single member the following section applies in relation to any interests you may have. For the avoidance of doubt, parish councils do not operate single-member decision-making and this section does not apply to them.

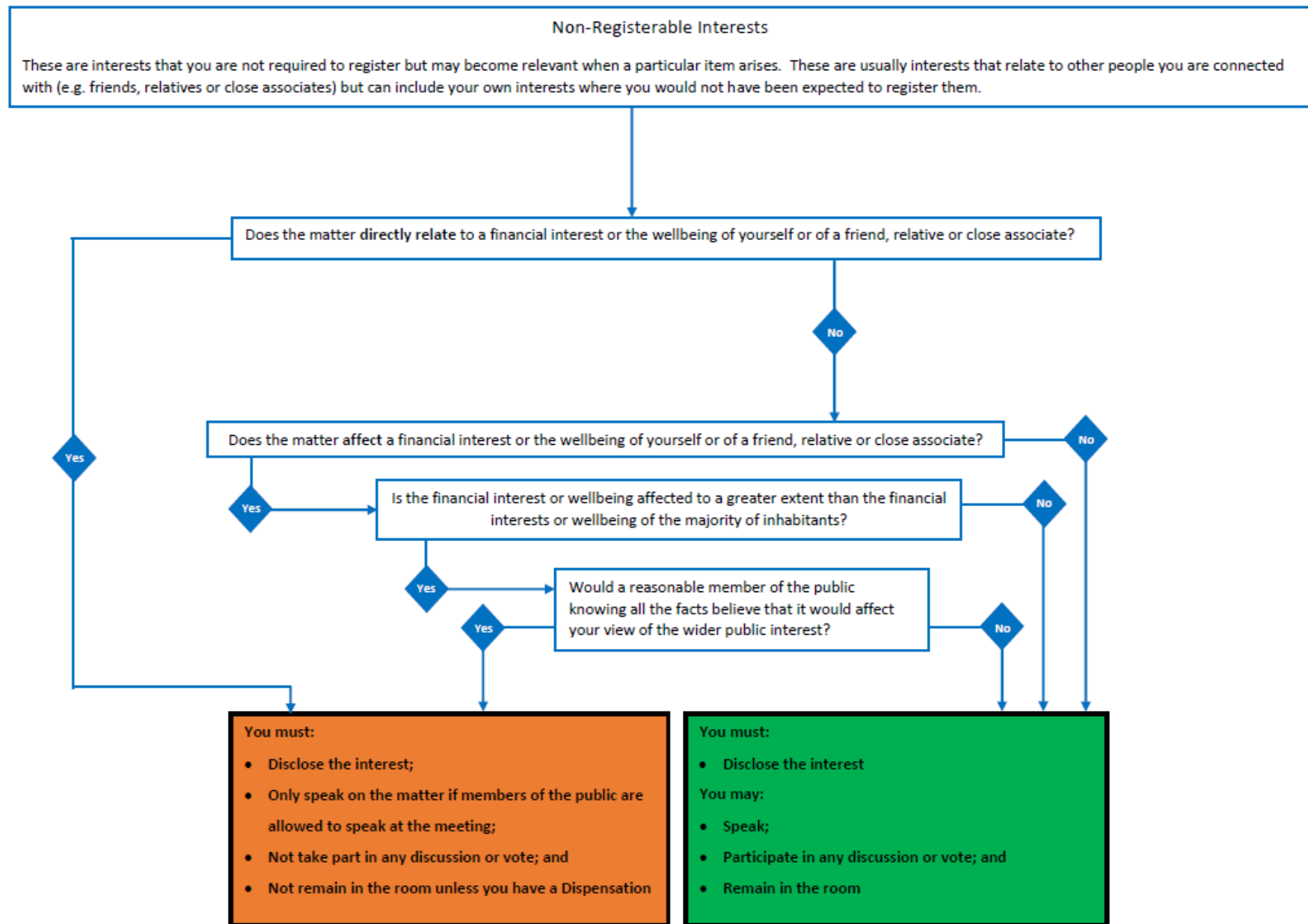
4.1.1. Where you have a personal interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function (i.e. single-member-decision-making) and the interest is:

- a. A Registrable Interest; or
- b. A Non-Registrable Interest that falls under paragraph 3.3.3 above;

you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

4.1.2. Where you have a personal interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function (i.e. single-member-decision-making) and the interest is a Non-Registrable Interest that falls under paragraph 3.3.4 , you must make sure that any written statement of that decision records the existence and nature of your interest.





Appendix C – the Committee on Standards in Public Life

The LGA has undertaken this review whilst the Government continues to consider the recommendations made by the Committee on Standards in Public Life in their report on [Local Government Ethical Standards](#). If the Government chooses to implement any of the recommendations, this could require a change to this Code.

The recommendations cover:

- Recommendations for changes to the Localism Act 2011 to clarify in law when the Code of Conduct applies
- The introduction of sanctions
- An appeals process through the Local Government Ombudsman
- Changes to the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
- Updates to the Local Government Transparency Code
- Changes to the role and responsibilities of the Independent Person
- That the criminal offences in the Localism Act 2011 relating to Disclosable Pecuniary Interests should be abolished

The Local Government Ethical Standards report also includes Best Practice recommendations. These are:

Best practice 1: Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.

Best practice 2: Councils should include provisions in their code of conduct requiring members to comply with any formal standards investigation and prohibiting trivial or malicious allegations by members.

Best practice 3: Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

Best practice 4: An authority's code should be readily accessible to both members and the public, in a prominent position on a council's website and available in council premises.

Best practice 5: Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.

Best practice 6: Councils should publish a clear and straightforward public interest test against which allegations are filtered.

Best practice 7: Local authorities should have access to at least two Independent Persons.

Best practice 8: An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to

review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

Best practice 9: Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the

allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.

Best practice 10: A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.

Best practice 11: Formal standards complaints about the conduct of a parish member towards a clerk should be made by the chair or by the parish council, rather than the clerk in all but exceptional circumstances.

Best practice 12: Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.

Best practice 13: A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

Best practice 14: Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.

Best practice 15: Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.

The LGA has committed to reviewing its Model Code on an annual basis to ensure it is still fit for purpose.

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Part 5 C

Protocol on Member / Officer Relations

Part 5C - Protocol on Member/Officer Relations

Purpose

1. The purpose of this protocol is to define the respective roles of members and officers and to provide guidance on what the relationship between those roles should be.
2. The protocol also reflects the principles underlying the respective Codes of Conduct which apply to members and officers. The shared object of these Codes is to promote high standards of behaviour.

Principles

3. The fundamental principles underpinning this protocol are:
 - (a) The County Council is a democratically-elected local authority delivering a range of services to the people of Leicestershire.
 - (b) The County Council is a single entity, a statutory corporate body. This relates to both the officer structure and the different areas of activity (Cabinet, Regulatory and Overview and Scrutiny) that members can be involved in.
 - (c) In everything they do, the elected members and officers of the County Council are obliged to act within the law and in compliance with relevant standards and codes of conduct.
 - (d) All elected members of the County Council are ultimately accountable to the people of Leicestershire through the ballot box for their actions as County Councillors.
 - (e) The Political Administration of the day, whether joint or single, is ultimately politically accountable for the effectiveness and delivery of those of its policies and plans which have been approved by the County Council and will, therefore, have an interest in ensuring that services are delivered by the officers in accordance with those approved policies and plans.
 - (f) The officers serve the whole County Council as a single statutory corporate body.
 - (g) The Monitoring Officer, Head of Paid Service (Chief Executive), Chief Finance Officer and Scrutiny Officer are all statutory roles with responsibilities as set out in the Articles of this Constitution.

- (h) The officers will provide adequate support to all elected members in their local or representational role.
- (i) Dealings between elected members and officers should be based on mutual trust and respect.

Role of Members and Officers

4. Members and officers are both servants of the public and indispensable to one another, although their responsibilities are distinct. Members are responsible to the electorate and serve only so long as their term of office lasts. Officers are responsible to the Council as a whole, and they are accountable to the Chief Executive. Their job is to give advice to members (individually and collectively) and to carry out the Council's work as determined by the Cabinet and full Council under the direction of the Chief Executive and the Council's Corporate Management Team.
5. Members should not get involved in the day to day operational management of services, although this does not preclude Members from raising constituency related operational issues. Equally, officers should not get involved in politics.
6. Members will take decisions in their role as members of the Cabinet and other decision-making bodies detailed in the Constitution, including the full Council. They will do this in the light of appropriate professional advice from officers, which will ensure that all decisions comply with the law and relevant standards or codes of conduct. Officers have the right to have their advice recorded, so that elected members are fully aware of the implications of their decisions.
7. The advice given by officers will aim to serve the interests of the County Council as a whole. It should be fearless, factual, honest, objective and politically neutral. Officers must be alert to issues which are, or are likely to be, contentious or politically sensitive. Officers must be aware of the implications for the council and its members, and for the community as a whole.

Relationships between Members and Officers

8. The relationship between members and officers should be one of mutual trust and respect. Members and officers should behave courteously to each other and neither party should seek to take advantage of their position. Close personal familiarity between individual members and officers can harm professional relationships and prove embarrassing to other members and officers. Situations should be avoided that could give rise to the suspicion or appearance of any improper conduct, or the perception that a member and an officer treat one another differently from others due to the nature of a personal relationship between them. Officers are required to declare

any close personal relationships with members in the same way as they would declare a relationship with another employee.

9. Members should not raise matters relating to the conduct or capability of officers either individually or collectively at meetings held in public or in the press. Officers have no means of responding to such criticism in public. If Members feel that they have not been treated with proper respect, and courtesy or have any concern about the conduct or capability of an officer and are unable to resolve it through direct discussion with the officer they should raise the matter with the relevant Director concerned or with the Council's Monitoring Officer.
10. Members will not publish any material which is derogatory of officers generally, or specific individuals, whether directly or through their agents or political groups.
11. Members should respect the confidence of officers and, when information is shared with them, should not share it more widely, especially with the press or members of the public, without seeking the consent of the relevant Head of Service or Assistant Director beforehand. More details of how to engage with the media are set out in the Media Relations Protocol.

Information and the political perspective

12. For the proper functioning of the County Council as a whole, officers will normally be permitted to share information freely between themselves, irrespective of whether the officer's role is connected with the Cabinet, Overview and Scrutiny or the Regulatory aspects of the County Council. Where the information has been supplied/received subject to a request for party political confidentiality an officer will be permitted to share that information with other officers if they believe that to be necessary - for example for the purpose of verifying the legality, financial probity or procedural regularity of any proposed course of action disclosed by that information. The request for party political confidentiality will be confirmed to, and honoured by, any officers with whom the information is shared.
13. Appropriate and regular liaison between elected members and officers connected with the Executive and Overview and Scrutiny aspects of the County Council should avoid the relationship between Scrutiny and the Executive becoming adversarial and polarised. This liaison, combined with the politically balanced nature of Overview and Scrutiny, should reduce the number of occasions on which it is necessary for information to be supplied by elected members to officers on a party political confidential basis at the Executive/Overview and Scrutiny level.
14. On request and where appropriate, officers will provide a briefing on a policy matter or individual topic to a particular political group, provided

that the same offer is made to the other political groups. There will be times when officers consider it more appropriate to brief all members at the same; this will be discussed with the political group making the request.

15. Where information is supplied to officers on a party political confidential basis, the officers will respect that confidentiality unless the officers believe that the proposed course of action appears to be in conflict with the law, or any relevant standards or codes of conduct, or would amount to an abuse of the processes of the County Council.
16. Where party political confidentiality would be maintained in accordance with the preceding paragraph, the officers may, nonetheless, seek to persuade the elected members requesting the confidentiality to agree to that information being shared with the other political groups on the grounds that it would assist the more effective functioning of the County Council; however, in the absence of any such agreement to waive the confidentiality, the officers would continue to respect it.
17. Where there is a change in Political Administration, the officers will act in relation to the new Administration and Opposition party or parties in the same way as they did for the old; and will continue to respect any continuing party political confidentiality.

Relationship between the Cabinet and Overview and Scrutiny

18. Given the nature and purpose of the County Council and the respective roles of elected members and officers, it is accepted that the officers, while remaining politically neutral, will inevitably give advice on a wider range of issues and on a more regular basis to the Cabinet. For their part, Cabinet members will continue to respect the political neutrality of the officers and accept that officers are obliged to respond positively to any requests from Overview and Scrutiny for appropriate information and advice relevant to the issue being considered by Overview and Scrutiny. When the Scrutiny Commissioners or a committee requests it, the Executive will provide an appropriate Lead Member to attend an overview and scrutiny meeting to explain an Executive's decision and the reasons for it.

Decisions under delegated powers

19. No executive powers will, as a matter of policy, be delegated to individual members, either as the Leader or as a member of the Cabinet. Although neither the Leader nor individual members of the Cabinet will have any personal delegated executive powers, they may, nevertheless, develop, a personal special interest in specific areas of County Council activity. The term "Lead Member", rather than "Portfolio Holder", is used to describe members with any such special

interest, to avoid creating any misleading impression that the member concerned does have personal delegated powers. The Leader may decide that there should be more than one Lead Member for any particular area of special interest.

20. The role of a Lead Member will include:

- (a) Providing a leadership role in their particular area, demonstrating familiarity and understanding of their brief.
- (b) providing a point of reference for a chief officer who wishes to sound out the elected member perspective before taking an executive decision under powers delegated to that chief officer.
- (c) Providing a better-informed elected member perspective and opinion on any relevant proposals before (or likely to come before) the Cabinet.
- (d) Appearing, as appropriate, before any relevant overview and scrutiny committee on behalf of the Executive.
- (e) Making position statements or responding to questions on the relevant area of activity, on behalf of the Executive, at any meeting of the County Council.
- (f) Speaking to the media to publicise and explain relevant decisions made at and policy proposals emerging from meetings of the Cabinet.

The role of the Lead Member for Children's Services is a statutory role and as such holds political accountability for all local authority children's services, including education and social care.

21. Where a chief officer decides (rather than volunteers) to consult a Lead Member before exercising his or her delegated powers, both will understand, and accept, that the final decision (and the responsibility which goes with it) remains with the chief officer; and that the process of reference to a Lead Member is not intended to operate as a delegation of power to the Lead Member.
22. The same principles apply where authority to take a decision has been specifically delegated to a chief officer "after consultation with" one or more elected members, whether Lead Member or local member or both. Although the process of consultation is required by the specific delegation of authority, this does not change the fact that the process is still one of consultation with, not specific approval by, the member(s) concerned. If the consultation process was handled as if it was one of specific approval, then that could reasonably be regarded as tantamount to *de facto* personal delegation to the member concerned.
23. Since consultation alone is involved, a chief officer can, theoretically, decide to proceed with his or her proposed course of action even in the face of some degree of objection from the member(s) consulted. However, a wiser course of action may be for the chief officer to decline

to exercise the delegated authority and refer the decision back to the body which conferred the authority on the chief officer.

24. In implementing any process of consultation, if the view of the Lead Member is not in conformity with the professional view of the chief officer and the difference of view is material and cannot be reconciled, then the chief officer should consider:
 - (a) seeking advice from the Chief Executive, Monitoring Officer or Chief Finance Officer as appropriate; and
 - (b) referring the issue to a meeting of the Cabinet or the body which conferred the delegated power -

to protect the interests of the Lead Member, the chief officer and, ultimately, the County Council.

25. Chief officers should be careful about the methods they use to record, for internal purposes, that the process of consultation has taken place and its result. There should be mutual trust and understanding between chief officers and Lead Members - a degree of trust which should be sufficient to render inappropriate a formalised process whereby a chief officer expects Lead Members to sign written confirmation that they have read and understood the relevant material supplied to them and that they agree its content.

Information on Local Issues

26. Where a report to the Cabinet, Scrutiny or Regulatory Body includes a sensitive issue affecting one or more electoral divisions, report authors must draw this to the attention of the local member(s) concerned, whether or not they are a member of that body. This does not apply to reports considered by informal panels or working parties.
27. Members may attend as observers at meetings of the Cabinet, Overview and Scrutiny Committee and Regulatory Bodies (Standing Order 34), including those parts of the meetings from which the public has been excluded. Subject to the consent of the Chairman a member so attending may speak (but not vote) on any matter. Representations may also be made by members in writing, particularly if they are not able to attend the meeting.
28. Where Members have notified that they have a particular interest in a matter to be considered by the Cabinet or some other body, but they are not the local member, officers are still expected to provide them with the relevant information. Care must be taken on matters on which a member has an interest as defined in the Member Code of Conduct. Members have a common law right to inspect documents and attend meetings if they can demonstrate a "need to know" for the purposes of

their duties as a Councillor. (if in doubt seek advice from the Monitoring Officer).

29. Members should be notified at the earliest possible opportunity about matters which clearly affect their electoral division, especially where it can be anticipated that members will become involved, for example in the case of the likelihood of complaints. Local people expect their local County Council representative(s) to be aware of all actions which are in some way the responsibility of the County Council.
30. One example might be an issue arising from the way in which a Chief Officer exercises a delegated power. Other examples might be where an approach is made to a Chief Officer by the press for comments on a particular matter, where a partnership body, which includes the County Council, is proposing to take action, a Freedom of Information request covering a controversial issue or where officers have received letters of complaint from local residents or controversial operational matters that will have a significant impact on the local community such as major road works, changes in opening hours, etc. In most cases a short e-mail or simple phone call is all that is required.
31. There may be times when, in addition to the local member(s), it would be appropriate for the officer concerned to notify other members, for example the Leader, Deputy Leader or Cabinet Lead Member.

Guidance to Elected Members on Employment Issues

32. Although employees are not encouraged to do so, elected members may occasionally find themselves being approached by employees on matters relating to their personal circumstances as a member of the Council's staff.
33. This puts the elected member in some difficulty because they will potentially have a conflict of interest. On the one hand the member may well want to offer assistance to the employee, particularly if they reside in their electoral division. On the other hand, as a member of the County Council, all elected members have responsibilities as "the employer".
34. It is advised in such circumstances that the member concerned should limit their role to the following:-
 - listening to the nature of the issue;
 - offering advice about where the employee can get assistance and support e.g. trade union, HR staff, manager, website;
 - pointing to the various mechanisms which the Authority has in place for resolving issues and disputes with groups of employees and individuals. (These are explained below);

- satisfying themselves that the Council's procedures (including the Whistleblowing Procedure where appropriate) are being followed correctly in that case and receiving details of the outcome. If there is concern that this may not be the case the member should seek advice from a relevant officer (i.e. Monitoring Officer, Head of Democratic Services, Head of Human Resources).
35. Beyond the above, it would not be wise for an elected member to pursue any particular case on behalf of the employee. To do so could prejudice any procedures which are already underway and would not be in the Council's or public's interests.
36. The following procedures are available for employees to raise individual issues in relation to their employment:-
- Grievance Procedure – covers individual issues not covered by any other procedure
 - Harassment and Bullying Procedure
 - Job Evaluation Employee Procedure
 - Various appeal procedures, for example within the following:
 - Organisational Change Policy and Procedure
 - Disciplinary Policy and Procedure
 - Grievance Policy and Procedure
 - Capability Policy and Procedure
 - Probation Policy and Procedure
 - Dignity at Work Policy and Procedure
37. The Whistleblowing Procedure is available to raise issues of bad practice, possible fraud or corruption or other matters which seem to be against the interests of the public, the Council or its staff.
38. Collective issues may be raised at Departmental Joint Consultative Committees or Health and Safety Committees or the Central Negotiating and Consultative Committee or Central Health and Safety Consultative Committee as appropriate. Trade unions may refer collective issues not resolved at officer level to the Disputes Panel, which is a body of 5 elected members established to consider representations from trade unions and management and to make recommendations to the Employment Committee or Cabinet, or both, as appropriate.

[end of Part 5C]

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CORPORATE GOVERNANCE COMMITTEE – 5 NOVEMBER 2021

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

RISK MANAGEMENT UPDATE

Purpose of the Report

1. One of the roles of the Corporate Governance Committee is to ensure that the Council has effective risk management arrangements in place. This report assists the Committee in fulfilling that role by providing a regular overview of key risk areas and the measures being taken to address them. This is to enable the Committee to review or challenge progress, as necessary, as well as highlight risks that may need to be given further consideration. This report covers:

- The Corporate Risk Register (CRR) – summary of risks;
- Emerging risks and issues;
- Insurance renewals;
- Counter fraud Initiatives.

Corporate Risk Register (CRR)

2. Within the County Council's Constitution, Article 9.03 'Role and Function of the Corporate Governance Committee' states that the Committee shall have responsibility for the promotion and maintenance within the Authority of high standards in relation to the operation of the Council's Code of Corporate Governance with an emphasis on ensuring that an adequate risk management framework and associated control environment is in place.
3. The Council maintains Departmental Risk Registers and a Corporate Risk Register (CRR). These registers contain the most significant risks which the Council is managing, and which are 'owned' by Directors and Assistant Directors.
4. The CRR is designed to capture strategic risk that applies either corporately or to specific departments, which by its nature usually has a long time span. The CRR is a working document and therefore assurance can be provided that, through timetabled review, high/red risks will be added to the CRR as necessary. Equally, as further mitigation actions come to fruition and current controls are embedded, the risk scores will be reassessed, and this will result in some risks being removed from the CRR and managed within the relevant departmental risk register.

5. The current risks on the CRR (last presented to the Committee on 23 July 2021) are shown in Appendix A attached to this report. The impact and likelihood are shown below each current risk score.

Movements since the CRR was last presented are detailed below:

Risks removed

Corporate Resources Department

- Risk 2.3 - Challenges caused by the Welfare Reform Act 2012 and the Welfare Reform and Work Act 2016.

This risk will continue to be managed at department level.

- Risk 3.6 - If the ERP system cannot accommodate all of the Council's requirements, then it may delay implementation and extra resources will be required to develop work arounds

The Enterprise Resource Planning (ERP) system is live and although some teething problems remain, these are being worked through and the risk will remain in the Department's register.

- Risk 5.1 - Historical: If as a result of a concerted effort to explore abuse by the Independent Inquiry into Child Sexual Abuse (IICSA) and Police Operations, then evidence of previously unknown serious historical issues of child sexual exploitation (CSE) or abuse is identified.

The inquiry has concluded its investigation into Leicestershire County Council, published its report, and will not be investigating any further. The Inquiry has not identified any new issues or concerns for the County Council; the historic areas of concern referred to in the report are all known to the County Council.

Risks removed and subsequently merged

Chief Executive's Department

- Risk 1.3 - If the Council fails to maximise developer contributions, then there could be a failure to fund corporate infrastructure projects.
- Risk 1.10 - The Council is unable to meet the financial investment required to deliver infrastructure in support of housing development committed in districts Local Plans and that where this contribution can be recouped through S106 agreements secured by District Councils, the funding doesn't meet the full cost and is secured long after the commitment is made.

There is a recognition that infrastructure funding risks cut across a number of service areas and it would therefore be sensible to merge the two similar individual risks into one owned by the Head of Planning, Historic and Natural Environment.

- New risk 1.12 - If the Council fails to maximise developer contributions by shaping local plan policies, negotiating S106 agreements and pro-active site monitoring, then there could be a failure to secure funding for County Council infrastructure projects (such as transport and schools).

Risk Amended

Chief Executive's Department

- Risk 1.11 – from - The Freeport requires designation by Government to be operational. That is dependent on approval of the business case. The outline case has to be submitted by 10th September 2021 and will be subject to a 'gateway review'. If designation is not achieved there will be serious reputational consequences for the East Midlands region and partners in the Freeport proposal.
- To - If Freeport designation is not achieved there will be serious reputational consequences for the East Midlands region and partners in the Freeport proposal.

Emerging Risks & Issues

6. At the end of July 2021, the National Employers for local government services (the Employers) wrote to all Chief Executives in Local Government with details of the employers' final pay offer to the Unions representing local government services employees. During September, all three unions consulted their memberships with a recommendation to reject the final offer. The members of UNISON, GMB and Unite in each case voted heavily in favour of rejecting the final offer. The Unions are now all preparing to conduct industrial action ballots. On 19 October 2021, Chief Executives were informed that the Employers had met and had noted the outcomes of each union's pay consultation ballots and their intentions to prepare to conduct ballots for industrial action. Whilst the Employers had carefully considered the request for them to make an improved offer, they had agreed by a majority to reaffirm that the pay offer they made on 27 July was full and final.
7. In their letter of 19 October, the Employers reminded Chief Executives on the law requiring a ballot of employees in accordance with strict legal requirements before industrial action is called for or endorsed. They advised that in previous disputes, all three unions have balloted members on an aggregated basis i.e. in order to take action, 50 per cent of their national memberships were required to vote. This time, the Employers understand that one or more of the Unions may operate on a disaggregated basis. This means that action could be taken at each organisation where a turn-out of over 50 per cent is secured (if members vote in favour of strike action). Ahead of the Unions' ballots getting underway, Chief Executives were recommended to prepare for any industrial action by referring to the Employers comprehensive e-guide. The Director of Corporate Resources will review the e-guide alongside the industrial action business continuity plan and make revisions where required.

8. Over the last couple of months there has been widespread media attention and associated concern and panic buying over potential shortages of fuel, energy, food supplies and labour in the months leading into the winter. In order to identify any potential issues, the local Resilience Planning Group (RPG) created a Horizon Scanning document that is used by departments to record any identified issues from possible incidents or occurrences. This document is reviewed by the Council's Business Continuity (BC) team and RPG in order to assess if any further actions or escalation is required in order to prevent operational impact. The document requires departments to provide updates on: -
- Labour supply issues - (including, but not only, lorry drivers).
 - Supply Chain Issues - (including, but not only, food).
 - Energy/ CO2 supply issues - (in context of current gas/Co2 challenges).
 - Fuel Supply Challenges - (current issues and areas of concern).

The National Government's assertion is that these issues will be temporary but there is a real risk that inflationary pressures will be sustained in the longer term.

9. A recent development has been to request departments to review and update a 'Key Business Systems' list, incorporating detail taken from Operational Business Continuity plans. Once again this will be reviewed by the BC team and RPG in order to assess if any further actions or escalation is required. The work is part of Council's ICT Service Disaster Recovery (DR) project work to compile an accurate list of organisation wide systems in order for Directors, the Council's Crisis Management Group, RPG and ICT to be able to prioritise resources during the recovery from a large scale systems failure such as from power outage or other incident that interrupts systems or a cyber-attack such as malware.

Insurance Renewals

10. The year 2021 has proven to be a further difficult year with challenging market conditions continuing due to insurer capacity reducing and increasing rates. For the vast majority of insureds, these changes in market appetite and pricing in the cycle had started well before the onset of the global Coronavirus Pandemic. However, this event may have expedited the speed of the turn or even the severity of the turn, but current market conditions cannot solely be laid at the foot of the Pandemic.
11. The changes and challenges being faced have been driven by factors relating to the broader global insurance market, a number of specific issues relevant to classes of insurance as well as general economic head winds.
12. The general insurance market is at its 'hardest' for more than 20 years, not just for the public sector but across all sectors. Market conditions are affecting organisations in multiple ways: -
- a. By class of insurance. Policies such as Directors and Officers Liability, Professional Indemnity, Cyber, and Construction, have all become harder to place with multiple insurers withdrawing from these lines of coverage.

- b. By sectors. Areas such as the Public Sector are finding even long-standing insurers are changing their appetite in terms of risks.
 - c. By loss history. Sectors or individual clients with poor loss histories are becoming ever more difficult to place with competition reducing and incumbents either withdrawing or requiring significant changes to premium, but also to limits, excesses and policy wording.
- 13. Over the past 20 years it has been incredibly rare for any public sector client to have limited or no response to requests for quotations, but more recently there have been occurrences of single bids for tenders happening and sometimes no quotations being provided at all. Where procurement rules are being applied rigidly, or without consideration of how to create more favourable conditions, these outcomes have become even more prevalent.
- 14. The Council renewed its insurance covers from 1 October. In line with the above it was subject to rate increases across almost all covers. With assistance from its broker, the Council has reviewed both levels of cover and self-insurance (excesses). In order to keep premiums (along with additional premium tax of 12%) in line with the previous year, the Council has taken the opportunity to revise (increase) liability covers excesses, which had not been carried out for some years.
- 15. Departments will be encouraged and expected to continue to display robust risk management of their activities and there will be some in year reviews of the levels of the Council's exposure.

Counter Fraud Initiatives

National Fraud Initiative

- 16. Output from the 2020/21 National Fraud Initiative (NFI) was released to local authorities at the beginning of February. The NFI is a mandatory data-matching exercise coordinated by the Cabinet Office which seeks to identify potential anomalies and fraud through matching the Council's data sets, e.g. payroll, pensions, creditors, concessionary travel, etc., with those of other mandatory participants, including the Department for Work and Pensions deceased persons data. A summary of the output in relation to Leicestershire is contained in Appendix B.
- 17. Investigations of NFI matches led by the Council's Internal Audit Service (IAS) are coming to an end for this year's exercise. Most matches have been cleared without issue. A number of reports have been cascaded down to departments to assist with their renewals processes, e.g. blue badges, concessionary travel, including reports of service users that have deceased since the issue of their blue badge or concessionary travel pass, and for whom there should be no reapplication come expiry date, i.e. any re-application would be fraudulent.
- 18. NFI investigations identified four cases where pensions were continuing to be paid to deceased persons. These four pensions were immediately suspended. All four cases have been passed over to the Pensions Service for further investigation and, where possible, recovery. Part of the review process will

involve consideration of whether these four instances should have been identified at an earlier stage through business as usual controls/processes.

19. The NFI has now been running for 25 years. During this time, the National Government's Cabinet Office estimates that over £2bn of fraud has been identified. Over time the range of datasets and participating organisations has expanded to deal with an increasing range of fraud risks and NFI's data matching techniques have become highly sophisticated over the years. The NFI continues to be an active deterrent to fraud and the Council continues to publicise what it is and what it does to further build upon that deterrent.

International Fraud Awareness Week - 18-22 November 2021

20. Each year the IAS takes the opportunity during International Fraud Awareness Week (IFAW) to proactively convey a number of key messages to staff. For IFAW 2021, the IAS will target new starters within the organisation, via the New Starters' Network, to build on the base counter fraud training they will have received at corporate induction stage. The IAS will take the opportunity to raise awareness of emerging fraud risks / common frauds and scams; the Council's counter fraud policies, including whistleblowing, registration of personal interests, declaring gifts and hospitality; and the importance of undertaking mandatory fraud awareness training. Above all, the IAS will emphasise to staff the importance of having effective internal controls in place within the workplace, e.g. segregation of duties, authorisation processes, etc.
21. During IFAW each year, the IAS takes the advantage to remind staff of the Council's key anti-fraud policies and procedures, the importance of undertaking mandatory fraud awareness training and advise staff how concerns can be raised with managers or, if necessary, through the Council's formal whistleblowing channels. This time around, the IAS shall also take the opportunity during IFAW to raise awareness of common frauds and scams with the general public via the Council's social media channels.

Emerging Fraud Risks

22. Three of the main fraud risks currently prominent are: -
 - Cyber fraud, e.g. phishing
 - Chief Executive Officer fraud
 - Mandate fraud (invalid changes to bank co-ordinates)
23. Whilst these frauds have been commonplace for a number of years, what the IAS is now seeing is a development in the fraudster's technical capabilities. Over the years, things have shifted from basic (and often not very convincing) scam attempts by 'chancers', to the position today where organised crime groups using highly sophisticated techniques are often involved and often operating from outside of the UK; the techniques being seen include email cloning, email compromise, malware, confidence trickery. The IAS continues to keep the risks of these frauds in the forefront of staff minds through regular comms and the cascading of fraud alerts from national counter fraud organisations, e.g. to payment teams. Raising awareness remains a key defence.

Recommendations

It is recommended that the Committee:

- a) Approves the current status of the strategic risks facing the County Council.
- b) Makes recommendations on any areas which might benefit from further examination.
- c) Notes the updates regarding emerging risks and issues, insurance renewals and Counter Fraud Initiatives.

Resources Implications

None.

Equality and Human Rights Implications

None.

Circulation under the Local Issues Alert Procedure

None.

Background Papers

Report of the Director of Corporate Resources – ‘Risk Management Update’ – Corporate Governance Committee, 10 May 2019, 1 November 2019, 31 January 2020, 12 June 2020, 24 July 2020, 25 November 2020, 29 January 2021, 3 June 2021 and 23 July 2021.

<http://politics.leics.gov.uk/ieListMeetings.aspx?Committeeld=434>

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Appendices




Appendix A - Corporate Risk Register Update (September 2021)



Appendix B - Outputs from National Fraud Initiative 2020/21




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Dept./ Function	CRR Risk No	Risk Description	Current Risk Score (incl. changes)	Update Based on risks discussed at department's management teams during September 2021	** Direction of Travel (Residual Risk Score over the next 12 months)
Coronavirus – COVID-19					
All	1	If the Council does not on an ongoing basis plan for, prepare and respond to current and future consequences of the COVID 19 pandemic, the Council and its communities could suffer long lasting economic, environmental, societal, technological challenges and missed opportunities.	20 15/L4	<p>The risk has stabilised, if not actually reduced. The Council has not had supplier issues or large scale staff absences due to the success of the vaccination roll out. The situation continues to be monitored in case of an uptick over the winter period as flu and other infections spread due to the move to being indoors, and also due to the national restrictions being stood down so that people are mixing more. Adult Social Care could have an issue with supplier failure if staff refuse to be vaccinated in care homes, but the Council is confident that it and its external care home providers are planning appropriately for the deadline of 11 November (when Government regulations come into force).</p> <p>The level of risk is continually monitored by the Resilience Planning Group (RPG) and Corporate Resources to assess risk to staff and customers and reported to the Council's Crisis Management Group (CMG), however this is effectively being managed as business as usual by Departments due to the longevity of the incident and the 'new normal' that Covid has become. The relaxation of restrictions and any possible impact on staff from new and hybrid ways of working will be closely monitored for local effects as well as any changes to guidance from Central Government.</p>	 Expected to remain red/high
1. Medium Term Financial Strategy					
All	1.1	Risk around the MTFS including the ability to deliver savings through service redesign and Transformation as required in the MTFS, impact of the living wage, legal challenges, and importantly demand/cost pressures especially those arising in Adults and Children's Social Care.	25 15/L5	The MTFS process has started with a report to Cabinet in September. Growth, savings and capital expenditure proposals will be developed over the next few months with a view to producing a draught report in December. The expectations are this budget round will be extremely challenging due to the difficulty in national finances but also because of the local position with the consequences of the Covid pandemic	 Expected to remain high/red



Dept./ Function	CRR Risk No	Risk Description	Current Risk Score (incl. changes)	Update Based on risks discussed at department's management teams during September 2021	** Direction of Travel (Residual Risk Score over the next 12 months)
C&FS	1.5	<u>Social Care:</u> If the number of high cost social care placements (e.g. external fostering, residential and 16+ supported accommodation) increases (especially in relation to behavioural and CSE issues) then there may be significant pressures on the children's social care placement budget, which funds the care of vulnerable children.	25 15/L5	Reduction in numbers of children in care 675 (from 700). However, it is recognised that the care population is volatile to change.	 Expected to remain high/red
C&FS	1.6	<u>Education</u> If demand for Education Health and Care Plans (EHCP) continues to rise, and corrective action is not taken, there is a risk that the high needs deficit will continue to increase.	25	<p>Demand remains high around EHCP requests and for Independent placements. Uncertainty remains on the impact of Covid-19 and central government Special Educational Needs review is still pending.</p> <p>Service restructure delivering clear responsibilities and accountabilities, with revised processes and a clear CPD roadmap.</p> <p>Continued learning through the Quality Assurance and Learning Framework, feeding into the quality improvement cycle.</p> <p>New practice regarding the multi-disciplinary 'front door' triage process went live in the middle of June and a fit for purpose Independent Specialist Provider placement process.</p> <p>Intervention funding, transitions and health contributions continuing to develop as work in progress</p> <p>Further work underway around Moderate Learning Difficulties places</p> <p>The risk is placing direct pressure on the Council's budget in terms of transporting SEN children</p>	 Expected to remain high/red


Dept./ Function	CRR Risk No	Risk Description	Current Risk Score (incl. changes)	Update Based on risks discussed at department's management teams during September 2021	** Direction of Travel (Residual Risk Score over the next 12 months)
CR	1.7	If the Council is not compliant with the HRMC IR35 regulations regarding the employment of self-employed personnel, then there is a risk of large financial penalties	20 15/L4	<p>Systems introduced in August 2020 are embedding. Status of new suppliers is checked before payments are made and the Commissioning Support Unit are engaged with a Compliance Lead on IR35 matters. IR35 has been included in guidance on spending controls. Monthly IR35 returns are being sent by departments. Work is continuing to seek to reduce off contract agency spend, to identify any outstanding office holders who may be subject to the legislation, and there is direct engagement with HMRC as required. An external review of our policies and processes has been commissioned to identify any areas for further improvement.</p> <p>IR35 continues to be a difficult area to manage because companies can have all sorts of different kinds of structures and mechanisms which are individual to them and their understanding. There is an acceptance that the Council may not capture all cases</p> <p>There is continuing publicity about organisations incurring HRMC fines. The varied nature of the different financial approaches requires that a range of up front and retrospective checks are in place and we will continue to develop these and work with HMRC as appropriate.</p>	 Expected to remain high/red
C&FS	1.9	If the immigration status of unaccompanied asylum-seeking children (UASC) who arrive in the County is not resolved, then the Council will have to meet additional long-term funding in relation to its housing and care duties.	16 14/L4	Have taken on 3 emergency placement UASC and 5 from the National Transfer Scheme. Also continue to have spontaneous arrivals that we have to manage. Whilst there is a structure and framework through the NTS our spontaneous arrivals are volatile.	 Expected to move to Medium/Amber
CE	1.11	If Freeport designation is not achieved there will be serious reputational consequences for the East Midlands region and partners in the Freeport proposal.	16 14/L4	<p>At this point, Freeport designation is expected in 2022, with tax site designation earlier. An Outline Business Case (OBC) was submitted to the Government as required by 10 September. The Full Business Case (FBC) is on target to be submitted by the deadline of 10 December 2021. Governance and management arrangements will be addressed in the FBC.</p> <p>There is an associated financial risk around the recovery of costs incurred in a setting up the Freeport which are assumed to be repaid from business rate growth. This process is being managed.</p>	 Expected to move to Medium/Amber



Dept./ Function	CRR Risk No	Risk Description	Current Risk Score (incl. changes)	Update Based on risks discussed at department's management teams during September 2021	** Direction of Travel (Residual Risk Score over the next 12 months)
CE	1.12	If the Council fails to maximise developer contributions by shaping local plan policies, negotiating S106 agreements and pro-active site monitoring, then there could be a failure to secure funding for County Council infrastructure projects (such as transport and schools).	16 I4/L4 (New)	The risk should begin to reduce in early 2022 as new improvements become embedded	 Expected to move to Medium/Amber
2. Health & Social Care Integration					
C&FS A&C PH	2.4	If the Council and its partners do not deliver a sustainable health and social care system (adults, children and public health) which results in vulnerable people not having their health and social care needs met, there is a potential that increased demand on social care services will lead to the escalation of vulnerable people's needs.	16 I4/L4	<p>A&C</p> <p>There has been a significant growth in demand across the health and care system over the course of the year. NHS urgent and emergency care, ambulance services and elective care services are facing pressure due to increased numbers of people presenting for treatment alongside the remaining response to the COVID pandemic. This pressure on hospital services creates increased demand for community and social care services which is resulting in delays to people being discharged from hospital and increased waiting times for social care provision. The growth in service demand is reflected in increased costs to both the NHS and Local Authority which are mitigated to some extent through additional short term government funding, but which are not accounted for on a recurrent basis. Other mitigations taking pace include the ongoing development of the Integrated Care System and improved system governance arrangements together with a review of current and future joint working requirements</p> <p>C&FS</p> <p>Work taking place to develop governance structures for children's health at system and place.</p>	 Expected to remain high/red




Dept./ Function	CRR Risk No	Risk Description	Current Risk Score (incl. changes)	Update Based on risks discussed at department's management teams during September 2021	** Direction of Travel (Residual Risk Score over the next 12 months)
3. ICT, Information Security					
CR	3.7	If the Council does not manage its exposure to cyber risk, then decisions and controls cannot be taken to mitigate the threat of a successful cyber-attack.	16 14/L4	PSN certification renewed in full This is an area where we will continually need to invest in further and stronger controls	 Expected to remain high/red
4. Commissioning & Procurement					
E&T	4.2	If Arriva is successful in its concessionary travel appeals and the method of apportioning between the City and the County is changed then reimbursement costs for the total scheme could increase.	15 15/L3	Work on County Council's apportionment methodology is ongoing.	 Expected to move to Medium/Amber
E&T	4.3	If as a result of the impacts of the coronavirus pandemic bus operators significantly change their services, then there could be substantial impacts on communities accessing essential services and lead to required intervention under our Passenger Transport Policy and Strategy	20 15/L4	The Bus Service Improvement Plan (BSIP) is being developed and will be presented to Cabinet for approval on 26th October. Subject to approval the BSIP and the Enhanced Partnership Plan (EPP) will be published at the end of October, followed by consultation with operators in November and the public in December. A formal EPP is to be in place by April 2022. The Council is currently complying with the steps as set out in the Governments National Bus Strategy (NBS), which will assist in mitigating this risk.	 Expected to remain high/red



Dept./ Function	CRR Risk No	Risk Description	Current Risk Score (incl. changes)	Update Based on risks discussed at department's management teams during September 2021	** Direction of Travel (Residual Risk Score over the next 12 months)
CE/CR	4.4	Risk of challenge and/or financial penalty due to either an actual or perceived breach of procurement guidelines.	16 I4/L4	Initial procurement pipelines developed, ongoing update and review now BAU. In recognition of an increasing nature of challenges by unsuccessful bidders, Internal Audit will undertake some work on processes and controls	 Expected to remain high/red
5. Safeguarding – category retired					
6. Category retired					
7. People					
CR (ALL)	7.1	If sickness absence is not effectively managed then staff costs, service delivery and staff wellbeing will be impacted.	16 I4/L4	<p>CR - Since the start of the pandemic, sickness absence levels have consistently reduced, even when considering COVID-19 related absence. Mental health absence is still similar to previous years. From the research undertaken, reductions in absence have been due to social distancing rather than working from home. The gradual easing of social distancing is enabling a better understanding of the impact on the risk. The Council's target of 7.5days per FTE was close to being met in March 2021.</p> <p>As the Council moves through recovery and adopts a new operating model, the impact on sickness absence needs to be closely monitored. Staff wellbeing and good mental health remains high on the agenda, and a recently created wellbeing board is focusing on a targeted wellbeing offer, including sharing good practice.</p> <p>Due to a number of technical challenges with the new Oracle Fusion system, it has not been possible to report yet at a corporate or departmental level on absence levels since April 2021, but individual cases are still being actively managed. An exercise is underway to re-establish missing work pattern data in Fusion in order to be able to accurately report absence data</p> <p>C&FS - There has been an increase in sickness in some parts of the service, which is putting more pressure on capacity and has required an increase in use of agency staff for example in our First Response services. Recovery planning is being progressed in line with corporate colleagues.</p>	 Expected move to Medium/ Amber

Dept./ Function	CRR Risk No	Risk Description	Current Risk Score (incl. changes)	Update Based on risks discussed at department's management teams during September 2021	** Direction of Travel (Residual Risk Score over the next 12 months)
All	7.2	If departments are unable to promptly recruit and retain staff with the right skills and values and in the numbers required to fill the roles needed, then the required/expected level and standard of service may not be delivered, and some services will be over reliant on the use of agency staff resulting in budget overspends and lower service delivery.	16 I4/L4 15 I5/L3 20 I4/L5 20 I4/L5	<u>A&C</u> Risk score and RAG rating unchanged. Particular issue for qualified staff and direct services. Lead practitioners leading on work to understand why we are unable to recruit/retain staff. ITC helping to recruit direct services staff. Linked to outcome/ finalisation of establishment review <u>C&FS</u> Focus on recruitment and retention continues to be a priority. A group has been established to focus on retention identifying opportunities to retain the most experienced social workers by exploring changes to the senior practitioner grade. The group is also looking at culture and developing an 'offer' to the workforce mirroring the values and behaviours in the road to excellence. The Department's use of agency to cover vacancies and hard to recruit posts continues to be a challenge E&T Struggling to recruit for most vacancies. Volume of applicants has reduced. Higher rate of candidates not turning up for interview. Lower rate of applicants being shortlisted. Current hard to fill vacancies across a number of posts. CR Targeted work to address specific department recruitment issues (HGV recruitment; Social workers; Catering and School Food).	 Expected to remain high/red

Dept./ Function	CRR Risk No	Risk Description	Current Risk Score (incl. changes)	Update Based on risks discussed at department's management teams during September 2021	** Direction of Travel (Residual Risk Score over the next 12 months)
A&C	7.3	If the Department fails to develop and maintain a stable, sustainable, and quality social care market to work with it may be unable to meet its statutory responsibilities.	20 (Increased from 16) I4/L5	<p>Due to the impact of COVID19 on the social care market and the increase in demand for social care services, the local care market is stretched both in respect to capacity to deliver and financial sustainability. Domiciliary care services have delivered an additional 5,000 hours per week of home care since the start of the pandemic; however services are now running at maximum capacity. The Council has received over 150 packages of care returned from providers over recent weeks due to inability to continue to deliver care. There are currently 200 people awaiting new home care provision or a change to existing provision. Residential care services and supporting living services are struggling to recruit sufficient staff to fulfil their bed capacity and maintain care for existing residents</p> <p>Leicestershire continues to have a fragile workforce with higher than average levels of turnover and high vacancy rates. In addition the impact of mandatory vaccination of care home staff presents a further risk to the existing workforce.</p> <p>The Council is working with providers to maximise the care available and is preparing for the implementation of the new Home care framework which will seek to expand the capacity of the market to respond to identified needs</p>	 Expected to remain high/red
8. Business Continuity					
CE	8.1	If suppliers of critical services do not have robust business continuity plans in place, the Council may not be able to deliver services.	15 I5/L3	See emerging risks and issues (paragraph 6 of report)	 Expected to remain high/red

Dept./ Function	CRR Risk No	Risk Description	Current Risk Score (incl. changes)	Update Based on risks discussed at department's management teams during September 2021	** Direction of Travel (Residual Risk Score over the next 12 months)
9. Environment					
E&T	9.1	If the ash dieback disease causes shedding branches or falling trees, then there is a possible risk to life and disruption to the transport network	20 I5/L4	Awaiting results of the 2021 survey	 Expected move to Medium/ Amber
E&T	9.2	If there was a major incident which results in unplanned site closure (e.g. fire) then the Council may be unable to hold or dispose of waste.	20 I5/L4	The demand for all County Council waste disposal, recycling and treatment services remains higher than at pre-covid levels. Since the booking system removal visitor numbers at the Recycling and Household Waste Sites have noticeably increased and this has caused some disruption to service users with the additional pressure of on-going staff shortages. The waste transfer station infrastructure is still under pressure and plans are underway for the use of contingency facilities this year to maintain disposal/treatment capacity for the Districts. Construction of the Bardon site is now underway.	 Expected move to Medium/ Amber
E&T	9.4	If climate change impacts happen more frequently or at a greater intensity than anticipated, then there is the risk that County Council services will be negatively affected	20 I4/L5 (Increased from 16)	Climate change risk registers have been reviewed and a report was considered by the Environment Strategy Delivery Board in September. A report will be presented to the Environment and Climate Change Overview and Scrutiny Committee in January. Committee on Climate Change's 3rd Climate Change Risk Assessment (June 2021) concludes climate change is here, already dangerous and will get worse and the UK needs to prepare for coming changes to protect people, economy and the environment. Mitigation measures identified as part of the Climate Change Risk Register review will seek to reduce the impact on Council services.	 Expected to remain high/red
10. Category retired					

Department

A&C = Adults & Communities
CE = Chief Executives
CR = Corporate Resources
C&FS = Children and Family Services

E&T = Environment and Transport
PH = Public Health
All = Consolidated risk

****The arrows explain the direction of travel for the risk, i.e. where it is expected to be within the next twelve months after further mitigating actions, so that:**

- A horizontal arrow shows that not much movement is expected in the risk.
- A downward pointing arrow shows that there is an expectation that the risk will be mitigated towards 'medium' and would likely be removed from the register.
- An upwards pointing arrow would be less likely, but possible, since it would show an already high scoring risk is likely to be greater

RISKS REMOVED SINCE NOVEMBER 2019

Dept.	CRR Risk No	Risk Description	Current Risk Score	Reason	Date of Removal
CR	1.4	If claims relating to uninsured risks materialise or continue to increase then LCC will need to find increased payments from reserves, impacting on funds available to support services	16	The level of reserves is sufficient to reduce the current risk score from 16 to 12 and the risk will be managed and monitored at Departmental level via the Risk Register - Corporate Resources.	1 November 2019
All	3.5	If the Council fails to maintain robust records management processes to effectively manage information under its custodianship, personal data may not be processed in compliance with the Data Protection Act 1998 resulting in regulatory action and/or reputational damage.	15	Resources to address highest assessed physical record risks now being put in place (priorities agreed with Chief Officers in summer 2019). Risk levels regularly monitored by central team. Email storage / destruction approach agreed at Information Governance Board (September 2019). The current risk score has been reduced from 15 to 12 and the risk will be managed and monitored at Departmental level via the Risk Register -Corporate Resources.	1 November 2019
CR	4.1	If the Authority does not obtain the required value and level of performance from its providers and suppliers, then the cost of services will increase, and service delivery will be impacted.	15	A review of the risk has resulted in the current risk score reduced from 15 to 12 and the risk will be managed and monitored at Departmental level (Corporate Resources).	1 November 2019

Dept.	CRR Risk No	Risk Description	Current Risk Score	Reason	Date of Removal
A&C	7.3	If the department does not have a sustainable external workforce to work with it may be unable to meet its statutory responsibilities.	16	The Department has reviewed the risk and reduced the current risk score from 16 to 12. Planning and timescales for action further progressed with domiciliary care to be re-commissioned in 2021 and residential care fee increase coming into effect from 2019/20. The risk will continue to be monitored as part of the A&C Departmental Risk Register.	Removed 1 November 2019 Re-instated 31 January 2020
CR	3.2	If the Council has a GDPR breach, then there could be a risk of significant liability claims	15	Significant work has taken place to mitigate the risks around GDPR. Compliance continues to be monitored and strengthened governance arrangements are now fully implemented to monitor and identify any emerging risks. The Current Risk Score has been reduced from 15 to 12 and the risk will continue to be monitored through the Corporate Resources Departmental Register.	31 January 2020
E&T	4.2	If Arriva is successful in its concessionary travel appeal, then reimbursement costs for the total scheme could increase significantly.	15	Discussions with Arriva are ongoing. The risk will continue to be monitored as part of the E&T Departmental Risk Register.	31 January 2020
All	6.1	EU Transition – If a formal trade agreement between the UK and EU is not in place at the end of the transition period, the UK will be treated by the EU as a third country. Trade arrangements will differ, and goods will be subject to full third country controls and a variety of border checks.	16	The Assistant Chief Executive is satisfied that the risks identified in the Reasonable Worst-Case Scenario did not materialise on transition as the UK and EU reached a trade deal	29 January 2021

Dept.	CRR Risk No	Risk Description	Current Risk Score	Reason	Date of Removal
C&FS	10.1	If the Local Authority and its partners do not succeed in developing an inclusive culture across all schools, education providers and partner agencies (including the Parent Carer Forum), then it will be difficult to secure parental confidence in the ability of the 'whole system' to meet the needs of the large majority of children with SEND in a mainstream school context	16	The context of this risk is deemed to be covered within corporate risk 1.6 - If demand for Education Health and Care Plans continues to rise, and corrective action is not taken, there is a risk that the high needs deficit will continue to increase.	29 January 2021
E&T	9.3	If the Council is not able to deliver on the commitments it has made in its climate emergency declaration due to the complexity and difficulty of some of the decisions and actions that will need to be made, then this will impact on the Council's ability to fulfil its leadership role and have financial and reputational consequences.	15 15/L3	An updated Environment Strategy and Action Plan was agreed by the Council on 8 July 2020. The Council now has an up to date statement of its environmental priorities and objectives which is aligned with its climate emergency declaration and its framework for action to achieve the commitments on the Council's own carbon emissions and against which its performance can be objectively assessed. The current risk score has been reduced from 15 to 12 and the and the risk will continue to be monitored through the E&T Dept Register.	29 January 2021
All	2.2	Impact on County Council services and MTFS of the Better Care Together (medium term) transformation plan in Leicester, Leicestershire, and Rutland (LLR), could lead to inability to deliver improved outcomes and financial sustainability	16 14/L4	Existing risk is obsolete and has been replaced by new risks which will be monitored in via the A&C, PH Departmental Risk Registers. These new risks are currently rated Amber.	4 June 2021

Dept.	CRR Risk No	Risk Description	Current Risk Score	Reason	Date of Removal
All	2.3	Challenges caused by the Welfare Reform Act 2012 and the Welfare Reform and Work Act 2016.	16 I4/L4	This will be managed at department level.	5 November 2021
CE	1.3	If the Council fails to maximise developer contributions, then there could be a failure to fund corporate infrastructure projects.	16 I4/L4	Merge two similar individual risks into one owned by the Head of Planning, Historic and Natural Environment.	5 November 2021
CE	1.10	The Council is unable to meet the financial investment required to deliver infrastructure in support of housing development committed in districts Local Plans and that where this contribution can be recouped through s106 agreements secured by District Councils, the funding doesn't meet the full cost and is secured long after the commitment is made.	16 I4/L4 (Reduced from 25)	Merge two similar individual risks into one owned by the Head of Planning, Historic and Natural Environment.	5 November 2021
CR	3.6	If the ERP system cannot accommodate all of the Council's requirements, then it may delay implementation and extra resources will be required to develop work arounds	15 I5/L3	The system is live and although some teething problems remain these are being worked though and the risk will remain in the Department's register.	5 November 2021

Dept.	CRR Risk No	Risk Description	Current Risk Score	Reason	Date of Removal
C&FS	5.1	Historical: If as a result of a concerted effort to explore abuse by the Independent Inquiry into Child Sexual Abuse (IICSA) and Police Operations, then evidence of previously unknown serious historical issues of child sexual exploitation (CSE) or abuse is identified.	25 15/L5	The inquiry has not identified any new issues or concerns for the council; The historic areas of concern referred to in the report are all known to LCC.	5 November 2021

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Appendix B**Outputs from the National Fraud Initiative 2020-21**

Report Number	Match Details	See Note	Number of Matches
52	Pensions to DWP Deceased		201
54	Pensions to Payroll, high quality, within bodies		300
55	Pensions to Payroll, high quality, between bodies		298
66	Payroll to Payroll, high quality, between bodies		45
67.1	Payroll to Payroll - Phone Number, within bodies		22
68.1	Payroll to Payroll - Phone Number, between bodies		5
78	Payroll to Pensions, high quality, between bodies		6
80	Payroll to Creditors (within) - bank account		1
81	Payroll to Creditors (within) – address		6
170	Blue Badge Parking Permit to Blue Badge Parking Permit, between bodies		18
170.1	Blue Badge Parking Permit to Benefits Agency Deceased Persons, between bodies	¹	5
172.1	Blue Badge Parking Permit to Benefits Agency Deceased Persons, within bodies	¹	1,564
172.2	Concessionary Travel Passes to Benefits Agency Deceased Persons, within bodies	¹	5,632
172.3	Resident Parking Permit to Benefits Agency Deceased Persons, within bodies	¹	4
172.7	Blue Badge Parking Permit to Blue Badge Parking Permit, same phone number, between bodies		74
172.8	Blue Badge Parking Permit to Blue Badge Parking Permit, same phone number, within bodies		66
172.9	Blue Badge Parking Permit to Blue Badge Parking Permit, same email, between bodies		74
700	Duplicate Creditor - creditor reference	²	1,505
701	Duplicate Creditor - creditor name	²	18
702	Duplicate Creditor - address	²	23
703	Duplicate Creditor - bank account details	²	112
708	Duplicate Creditor - amount and creditor ref	²	2,428
709	VAT Overpaid		18
711	Duplicate records by supplier invoice number and invoice amount but different creditor reference and name		6
713	Duplicate records by postcode, invoice amount but different creditor reference and supplier invoice number and invoice date		0
750	Procurement - Payroll to Companies House (Director) - name quality		14
752	Procurement - Payroll to Companies House (Director) - address quality		31
	TOTALS		12,476

Note 1. With regard to blue badges and concessionary travel passes it is not unusual to note a high number of matches with the DWP's deceased persons data. Badges/passes remain 'live' for a period of up to five years before they expire and become subject to renewal. Considering the age demography of service users typically accessing these services, it is not unusual to note where badges/passes have been issued at some point in time up to five years ago and the service user has died in the time since. The purpose of these reports is essentially to flag up to the Council that there should be no re-application for the badge/pass come the date of expiry.

Note 2. Many of the duplicate matches (Reports 700-713) are false positives. NFI required LCC and ESPO to submit data sets separately, however, they appear consolidated in any output. Therefore, for each supplier used by both LCC and ESPO, this shows as a potential duplicate supplier on the NFI output, when in fact this is not the case.



CORPORATE GOVERNANCE COMMITTEE – 5 NOVEMBER 2021

REPORT OF THE DIRECTOR OF PUBLIC HEALTH

CLINICAL GOVERNANCE ANNUAL REPORT

Purpose of the Report

1. The purpose of this report is to:
 - (a) Update the Committee on providing assurance around clinical governance since the last report to this Committee in November 2019. As previously raised with the Chairman and Spokespersons of the Committee, due to the impact of the COVID-19 pandemic and the additional pressures and priorities this created for the Public Health Department, the Annual Report on Clinical Governance was not provided to the Committee in November 2020.
 - (b) Update the Committee on key issues dealt with as part of Leicestershire County Council's clinical governance monitoring arrangements, roles, and responsibilities since November 2019.

Background

2. The Public Health function of the Council includes responsibility for a number of clinical services previously commissioned by the NHS. It is a condition attached to the allocation of the public health grant that local authorities must have appropriate clinical governance arrangements to cover clinical services commissioned with grant funds.
3. This paper provides information and assurance on the clinical governance arrangements that have been established by the County Council to ensure its commissioned clinical services are of a high standard, continuously improving, cost-effective, safe and provide a good patient experience.
4. 'Clinical governance' is a systematic approach to maintaining and improving the quality of patient care within a health system. Its most widely cited formal definition is: *'A framework through which [NHS] organisations are accountable for continually improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish'* (Department of Health).

5. Clinical governance refers directly to 'clinical services' i.e. services delivered by clinical staff / healthcare professionals, e.g. doctors, nurses, allied health professionals and others.

The main clinical services commissioned (based upon contract value and criticality of service provision) by the County Council's Public Health Department are:

- Substance Misuse Treatment Services (SMTS). This includes: a community treatment service for adults and young people, inpatient detoxification, and residential rehabilitation services. The provider of community treatment services is Turning Point, whilst the provider of inpatient detoxification services is Framework – Edwin House. Residential rehabilitation services are provided via a framework of approved providers.
- Sexual Health Services (SHS). This includes: an integrated sexual health service and contraceptive services. The integrated sexual health service is provided by Midlands Partnership NHS Foundation Trust whilst contraceptive services are provided through Primary Care Services.
- NHS Health Checks - commissioned from local GPs
- 0-19 Healthy Together Service provided by Leicestershire Partnership Trust (LPT) across Leicestershire and Rutland. This covers the Health Visiting and School Nursing Service.
- Community Infection Prevention and Control Service

6. The range of service providers includes NHS and voluntary/private sector.

7. Clinical governance assurance necessitates regular and ad hoc contract monitoring with a specific focus on and clinical aspects of service provision to demonstrate cost effective and safe care that also delivers a good patient experience.

8. Examples of performance indicators specific to clinical governance include:

- Measures of cost effectiveness of services
- Reports of serious incidents and complaints
- Safeguarding reports
- General patient feedback - for example service user feedback on safety and experience.
- Reports of compliments
- Results of quality visits and clinical audits
- Staff training and capacity
- Care Quality Commission (CQC)
- National Institute for Health and Care Excellence guidance

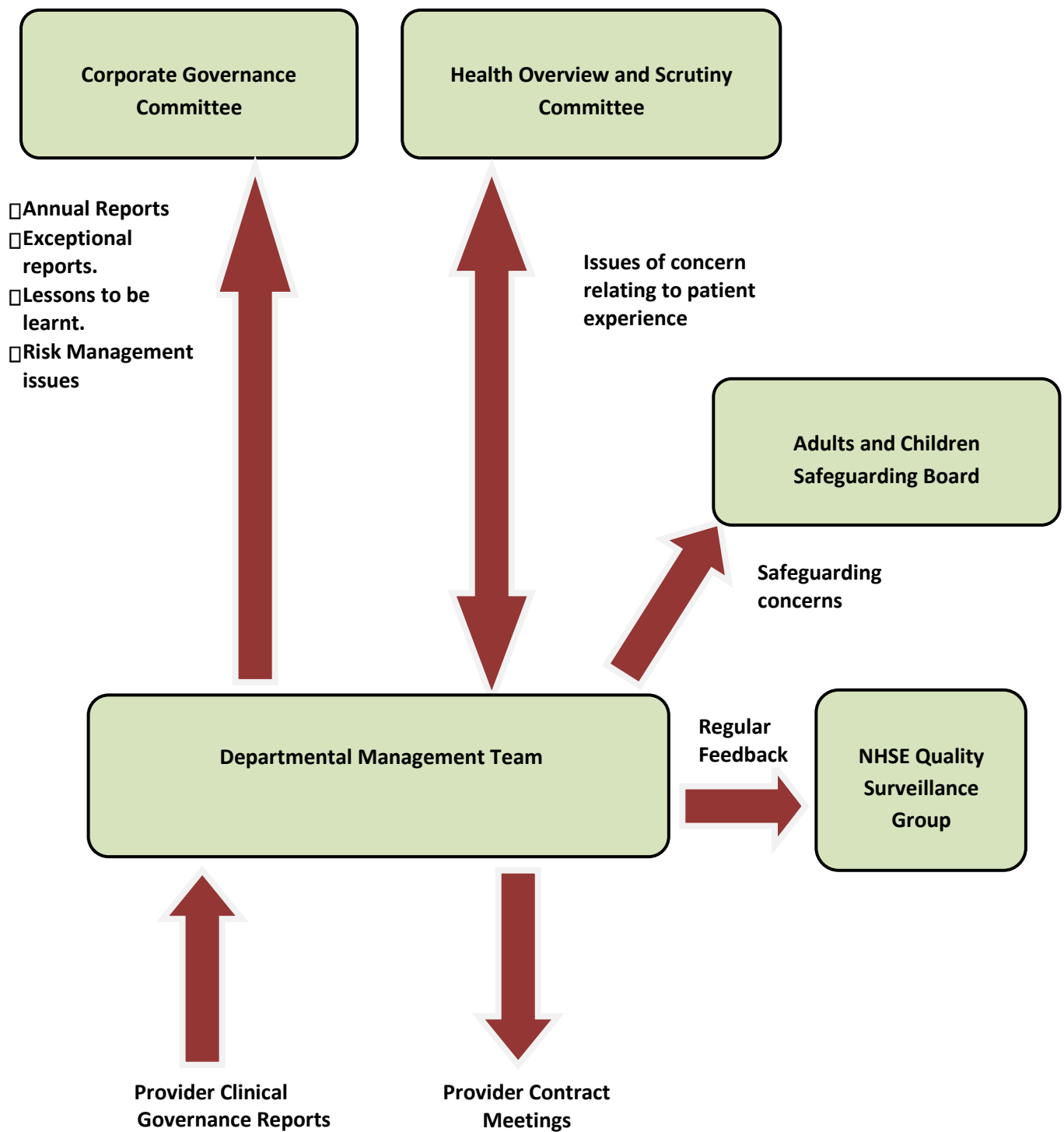
- Service changes/reviews
- Business Continuity arrangements during COVID-19

Leicestershire County Council's Clinical Governance Approach

9. From March 2020, the Public Health Team in the Council has been at the centre of managing the local response to the COVID-19 pandemic. This has had an impact on resources and on the ability of the team to develop this area. It has also meant that some of the commissioned services have been diverted to respond to the pandemic.
10. Ownership of clinical governance assurance for specific services sits with Strategic Leads and Consultant Leads for those services within the Public Health Department. Further oversight is provided by the Director of Public Health and the overall clinical governance consultant lead.
11. A Public Health Clinical Governance Group has recently been established comprising of the Clinical Governance Consultant Lead and Strategic Leads to oversee the clinical governance arrangements. Further work is being undertaken to agree the scope of work to be undertaken by the group.
12. A clinical governance and quality report is presented to the Public Health Departmental Management Team (DMT) on each of the key commissioned clinical service areas quarterly. The process around developing these reports involves the Contract and Quality Officer receiving a report from the provider that focusses on clinical governance and quality aspects. The appropriate Strategic Lead reviews these reports and summarises key findings for the DMT. The Strategic Leads also flag any issues /gaps in the information provided and go back to the provider if further clarity is required.
13. The additional pressures and priorities arising from the pandemic has meant that senior members of the Public Health Team have not been in a position to submit quarterly reports to Public Health DMT for the entire period that this report covers. The Public Health Team also had to pause some of its normal routine quality visits to commissioned services, although these have now been re-started. A schedule of reporting has now been re-instigated to ensure that the Public Health DMT receives provider clinical governance reports (including quality dashboards) on a quarterly basis for all key commissioned contracts.
14. The DMT examines provider performance from both general quality and clinical governance perspectives. DMT identifies signs of both good practice and of non-compliance at an early stage through the review of provider information and using comparison/benchmarking data where available. Planned quality assessments/audits are also undertaken using the Public Health Quality Assessment Tool for both departmental quality measures and for conducting scheduled contractual quality visits with our commissioned services.

15. DMT identifies concerns and recommendations and suggested actions which are then relayed through contract and commissioning leads into routine contract and performance meetings. Progress against recommendations and action is monitored at subsequent DMT meetings.
16. Regular DMT Lead Member briefings are held at which an update on the key clinical services commissioned is provided including any significant events identified.
17. DMT also reports into the following:
 - Corporate Governance Committee
 - Health Overview and Scrutiny Committee
 - Adults and Children Safeguarding Board
 - East Midlands NHSE Quality Surveillance Group
18. A diagram setting out the overview arrangements for clinical governance is set out overleaf.

Overview of arrangements



19. The County Council's Public Health Department collaborates with Leicester City Council's Public Health clinical governance colleagues in relation to those services that are commissioned jointly by the two authorities.
20. Where services are jointly commissioned, the lead Commissioning Organisation takes responsibility for overall governance, however, where incidents or issues of concern arise within Leicestershire, the Public Health Team respond to these in line with arrangements described above.
21. Additional support is also available through collaboration with local Clinical Commissioning Groups (CCGs) e.g. through a memorandum of understanding covering the joint public health/CCG serious incident procedures that relate to providers from whom both public health and CCGs commissioned services (predominately primary care and Leicestershire Partnership NHS Trust).
22. Table 1 provides a summary of significant issues considered and managed by the County Council's Public Health's Departmental Management Team (November 2019 - October 2021) across the main clinical services commissioned.

Table 1

Clinical Governance Summary November 2019 – October 2021		
Heading	Area	Assurance (November 2019 – October 2021)
Quality Visits	Site visits to providers of clinical services provide valuable insights into the quality, safety and likely patient experience that is being delivered.	<p>Providers are routinely visited by Public Health contracting and quality staff at least annually, however this has been impacted by the pandemic.</p> <p>Providers are also subject to visits from the Care Quality Commission (CQC).</p> <p>0-19 Healthy Child Programme (Leicestershire Partnership NHS Trust): July 2019: The 'Healthy Together' programme was broadly commended in the CQC report: <i>'Effective delivery of the Healthy Child Programme in Leicestershire is ensuring that children at risk of neglect, abuse, and harm, with low protective factors are being provided with early help and support that they need to reduce the likelihood of harm and health inequalities'</i></p>

Heading	Area	Assurance (November 2019 – October 2021)
Quality Visits		<p>Quality visits were scheduled in January 2021 however, due to Covid-19 pressures and the national lockdown measures that followed this did take place.</p> <p>Furthermore, in September 2021, due to the current contract ending in August 2022 combined with the current recommissioning exercise it was not feasible to undertake an audit and then expect the existing provider to implement any changes if the contract was awarded to a different provider.</p> <p>Substance Misuse Treatment Services (Turning Point)</p> <p>Turning Point was inspected by the CQC in November 2018 and overall was found to be 'outstanding'.</p> <p>The last formal quality visit took place in 2018 with all actions and recommendations completed. There is a desktop review planned for December 2021.</p> <p>Sexual Health Services (Midlands Partnership NHS Foundation Trust).</p> <p>The CQC inspected this service in October 2019 as part of a wider review of health services in safeguarding and looked after children services in Rutland and made a list of recommendations to follow up on, these actions from the report have now been completed.</p> <p>In line with Public Health Quality Assessment Tool, a quality visit has been conducted in September 2021 and the report is yet to be finalised. Prior to this no quality visits were undertaken from 2019 due to the Covid-19 pandemic.</p>

Heading	Area	Assurance (November 2019 – October 2021)
Clinical Audits	<p>Clinical audit is a means of finding out if healthcare is being provided in line with established standards of best practice. It lets care providers, commissioners and patients know where their service is doing well, and where there could be improvements.</p> <p>Our main contracts require the Council's providers to choose and agree clinical audits each year aimed at improving quality of patient care.</p>	<p>DMT oversees the process of carrying out and acting upon the results of clinical audits. Examples of audits carried out in 2019/21 included:</p> <p>Sexual Health Services delivered by Midlands Partnership NHS Foundation Trust (MPFT) Audits:</p> <ul style="list-style-type: none"> • Management of trichomonas vaginalis • Re-audit of fitting of Intrauterine System/Device (IUS/D) and subdermal implant contraception • Audit of clinical training requirements for Long Acting Reversible Contraception (LARC) • Audit of the Pre-exposure prophylaxis (PrEP). Impact trial completed July 2021 using 2019 data (PrEP is used to protect individuals from the transmission of HIV) • Internal Quality Assurance visit completed October 2019 • Infection control Audit • Covid-19 Development and Pathways Audit – August 2020 • Clinical Audit by GP Registrar from City at Haymarket in January 2021 • A quarterly quality report is completed by MPFT which reviews the key areas of the service – Infection, Prevention and Control (IP&C), patient safety, incident reporting <p>Sexual Health - Community Based Services</p> <ul style="list-style-type: none"> • On-going Audit of IUS/D training requirements • Emergency Hormonal Contraception (EHC) Annual audit for pharmacy delivery

Heading	Area	Assurance (November 2019 – October 2021)
Clinical Audits		<p>Substance Misuse Treatment Services (Turning Point) Audits:</p> <ul style="list-style-type: none"> • Full Caseload audit • Dependent Alcohol case audit • Safeguarding Audit • Service level death audits • NICE audits - Naltrexone, Methadone/Buprenorphone, Alcohol management, Psychosocial Interventions • Prescription process audit (6 monthly) • Supervised consumption audit (monthly) • Blood Borne Virus testing audit <p>0-19 Healthy Child Programme (Leicestershire Partnership NHS Trust) Audits:</p> <ul style="list-style-type: none"> • Mandated Checks were requested recently (2 ½ year check) • Perinatal mental health
Patient Group Directions (PGDs)	<p>PGDs provide a legal framework that allows the supply and/or administration of a specified medicine(s) to a group of patients, who may not be individually identified prior to presentation for treatment. Leicestershire County Council must help develop and ultimately authorise use of these drugs by commissioned clinical services.</p>	<p>PGDs were developed/authorised as follows:</p> <p>Substance Misuse Treatment Services:</p> <ul style="list-style-type: none"> • Hepatitis B to use by Turning Point (developed by Public Health England) • Pabrinex® Intramuscular High-Potency Injection, for use by Turning Point in treatment of severe depletion or malabsorption of the water-soluble vitamins B and C in service users diagnosed with Alcohol Use Disorders. <p>Sexual Health Services:</p> <ul style="list-style-type: none"> • Levonorgestrel for use in community pharmacies (EHC) • Ulipristal for use in community pharmacies (EHC) <p>The EHC Patient Group Directions (PGDs) documents, which allow for the dispensation of specific medications without a doctor present, are due for expiry end of June 2022.</p> <p>A multi-disciplinary group shall be set up to work through the PGD process.</p>
Heading	Area	Assurance

		(November 2019 – October 2021)
Safeguarding	<p>As commissioners of clinical services, the Public Health Team must be unequivocally assured that the providers of commissioned clinical services are fully compliant with their responsibilities to safeguard their patients against harm.</p> <p>DMT oversees provider safeguarding arrangements and must be assured that robust arrangements are in place.</p>	<p>0-19 The Healthy Child Programme (HCP) sets out the good practice framework for prevention and early intervention services. The safeguarding element is designed to translate into practice in two ways.</p> <ul style="list-style-type: none"> ○ At the individual level, practitioners need to possess relevant knowledge and skills (for example, regarding risk factors and signs and symptoms of child abuse, and how to follow local safeguarding procedures). ○ At the institutional level, the emphasis is on sharing information and collaborating with other agencies; for instance, schools are expected to work closely with adult services to identify children with parents whose needs could put the child at risk. <p>Safeguarding is a standing agenda item at meetings with the commissioned provider and any issues are monitored and actions are tracked through monthly contract monitoring meetings to ensure a safe service is operational and children are referred as part of the safeguarding protocols as appropriate.</p> <p>As part of safeguarding, a Serious Incidents process is in place which reviews actions of cases that have resulted in a death of a child.</p> <p>The Public Health Team review the report submitted by the provider via the Strategic Executive Information System (STEIS - NHS system for reporting and monitoring the progress against incidents and investigations) and provide challenge as part of the partnership response and this is also followed up in contract management meetings.</p>
Heading	Area	Assurance (November 2019 – October 2021)
Serious Incidents	<p>SIs in clinical settings are adverse events,</p>	Leicestershire Public Health SI Protocol

(SIs)	<p>where the consequences to patients, families and carers, staff or organisations are so significant in terms of actual or potential harm and/or the potential for learning is so great, that a heightened level of response is justified. NHS SI Framework Supporting learning to prevent recurrence: https://www.england.nhs.uk/wpcontent/uploads/2015/04/seriousincident-framwrk-upd.pdf The Leicester, Leicestershire, and Rutland (LLR) SI Report</p> <p>Protocol outlines the County Council and partner responsibilities in relation to serious incidents and summarises the key information and requirements for reporting and management. This protocol is imbedded within council contracts for Public Health commissioned services to ensure a consistent approach across the Department.</p>	<p>Robust systems are in place for the reporting, management and learning from SIs so that lessons are learned, and the appropriate action is taken to prevent future harm. Arrangements are in place to monitor and deal with serious incidents daily through the Public Health Team's in-house serious incident mailbox. This is coordinated by the administration team and overseen by consultants, senior public health managers and the consultant clinical governance lead.</p> <p>The vast majority of SIs related to deaths of patients who are under the care of Turning Point. SIs which were received between October 2019 and September 2021 are logged in Table 2 below.</p> <p><u>Substance Misuse Treatment Services</u></p> <p>Turning Point carried out a Thematic Death Review (2018 - 2021) on behalf of LLR, which analysed service user overdoses and suicides and compared the results to the regional picture.</p>
Heading	Area	<p align="center">Assurance</p> <p align="center">(November 2019 – October 2021)</p>
Serious Incidents (SIs)	Details regarding individual SIs that were considered by the Department in line with the	

	Leicestershire Public Health SI Protocol have not been included in this report for reasons of confidentiality.	
Re-procurement	Re-procurement of clinical services creates opportunities to update and improve the clinical quality and safety of new services.	<p>Sexual Health Services</p> <p>The most recent re-procurement was for Sexual Health Services with the new provider (Midlands Partnership NHS Foundation Trust) commencing delivery of the service in January 2019. The Council's Public Health team is currently working to extend service contracts for another year, which will include some alterations and additions to the service delivery model aimed at improving access and patient choice.</p> <p>0-19 Healthy Child Programme</p> <p>The 0-19 HCP is currently being re-procured. The current contract is due to end on 31/08/22 with a new contract to commence on 01/09/22 to align with the academic year. The current contract was extended for a five month period from 31/03/21 to ensure a thorough review of the service and so that consultation and engagement with partners and the wider public could be undertaken to inform the service specification.</p>
Heading	Area	Assurance (November 2019 – October 2021)
Re-procurement		<p>Substance Misuse Treatment Services</p> <p>The Substance Misuse Treatment Service is in the process of being re-procured. The tender has closed, and the winning bid will be awarded</p>

		shortly. The mobilisation process will take effect from November 2021. The contract will commence from April 2022 for four years with the option to extend for two further years. The service will include Detox and Rehabilitation from April 1 st 2022.
Partnerships	Clinical governance arrangements, expertise and knowledge are enhanced by sharing good practice across the wider health and care systems.	Leicestershire, Leicester City and Rutland CCGs Serious Incident Panel review cases of serious incidents that relate to the Healthy Child Programme on behalf of Leicestershire County Council. The Multi Agency Substance Misuse Death Panel is being re-established to ensure that deaths can be reviewed, and best practice is put in place.
Patient Feedback		<p>Sexual Health Services</p> <p>Patients' feedback is obtained by MPFT monthly which is reported to the commissioner/contract officer and discussed during the contract meetings</p> <p>0-19 Healthy Child Programme</p> <p>Service user feedback is reported at contract monitoring meetings alongside complaints. Positive responses have been received from those who have accessed the universal service and universal partnership plus.</p> <p>Substance Misuse Treatment Services</p> <p>Compliments, complaints, and survey feedback are a regular agenda item at the Contract Management Meetings. The Peer Mentors are utilised to gain anonymous feedback and a continuous improvement process is in place; again, updated via contract management</p>
Heading	Area	Assurance (November 2019 – October 2021)
Complaints and Compliments		<p>Sexual Health Services</p> <p>Patients' feedback is obtained by MPFT monthly which is reported to the commissioner/contract officer and discussed</p>

		<p>during the contract meetings</p> <p>0-19 Healthy Child Programme</p> <p>Service user feedback is reported at contract monitoring meetings alongside complaints. There have been a number of complaints about missed visits by service users. The national guidance stipulated that the 10-12 month check could be digital during the pandemic - this resulted in a number of complaints about lack of face to face contact. Arrangements were put in place via Recovery and Restoration meetings to enable the service to be fully operational again.</p>
Business Continuity arrangements during COVID-19		<p>Sexual Health Services (SHS)</p> <p>SHS – During the pandemic regular walk-in services delivered across GPs and SHSs were paused or greatly reduced. To ensure continued provision of care, online contraception and EHC were commissioned through the provider under direction of the County Council, and expansion and communications for the STI/BBV (Sexual transmitted infections/Blood Borne Viruses) online postal testing services were delivered to ensure access to services was maintained.</p> <p>Telephone triage and consultations for the ISHS were introduced as the pandemic lockdown levels decreased and face to face consultations started up again</p>
Heading	Area	Assurance (November 2019 – October 2021)
Business Continuity arrangements during COVID-19		<p>Sexual Health - Community Based Services</p> <p>GPs provided online and telephone consultation services throughout the</p>

		<p>pandemic, to allow for continuity of low-risk symptoms and issues to be assessed. For higher more complex cases, face to face consultations were delivered with full personal protective equipment (PPE) and IP&C measures undertaken.</p> <p>The SHS has provided detailed business continuity plans (BCPs) detailing foreseeable future events and mitigating actions planned to ensure business continuity. These have been shared with the Public Health Team.</p> <p>Substance Misuse Treatment Services</p> <p>The Service has an exemplary Business Continuity Plan in place which has been shared as best practice to other areas.</p> <p>The Service has remained open throughout the pandemic. Minimal face to face interaction took place where possible. Although prescriptions continued to be prepared for service users and relationships with pharmacies were called upon to avoid unnecessary travel into Eldon Street.</p> <p>Staff had been split into teams to avoid contamination and allow Covid-19 rules to be followed. Peer Mentors were utilised to add additional support for service users that were isolated. Face to face meetings were re-introduced as soon as it was safe to do so.</p> <p>0-19 Healthy Child Programme</p> <p>The BCPs were agreed and submitted as part of the contract.</p>
Heading	Area	Assurance (November 2019 – October 2021)
Care Quality Commission (CQC)	Independent regulator of clinical health and social care systems in England conducting monitoring of services	<p>Sexual health services (Rutland):</p> <p>The CQC inspected this service in October 2019 as part of a wider review of health services in safeguarding and looked after</p>

	to ensure services are safe, effective, compassionate and provide high-quality care	<p>children services in Rutland and made a list of recommendations to follow up on, these actions from the report have now been completed.</p> <p>Substance Misuse Treatment Services</p> <p>The last CQC inspection was conducted in November 2018 and all recommendations were carried out.</p> <p>0-19 Healthy Child Programme</p> <p>CQC visited the provider at the end of May (2021) and returned for another visit again in September 2021 to conduct a mental health review and the final outcome is awaited.</p>
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23. **Table 2 (below)** sets out the serious incidents that have taken place and been responded to during the period under review.

To date there have been fewer serious incidents reported in the period from October 2020 to September 2021 (16 incidents) compared to the number of serious incidents reported in the period from October 2019 to September 2020 (33 incidents).

This may be a reflection of the impact of the Covid-19 pandemic during lockdown periods when services tended to provide less face to face provision.

24. The majority of serious incidents reported are by the Substance Misuse Service and are related to deaths of service users who are or were previously receiving treatment. The number of serious incidents reported by the Substance Misuse Treatment Service is on par with other substance misuse services across the country.
25. The service provider has a robust process of notifying the Public Health Team of all serious incidents. This includes a detailed narrative of the events leading up to each incident and any lessons learned. Alongside this, the service provider also conducts an annual review of all serious incidents to identify key themes. This is followed by a detailed action plan which is reviewed as part of contract management activity.
26. In addition, the Public Health Team is in the process of setting up a multi-agency Drug and Alcohol Deaths Review Panel to review all deaths occurring

as a direct result of substance misuse. The benefit of this Panel is that it will review deaths of residents not known to treatment services and identify broader lessons learned across wider health, social care, and criminal justice services.

Table 2

Serious incidents reported to the County Council's Public Health (PH) Team 1/10/2019 – 30/09/21			
Month	Number of Serious Incidents Reported into dedicated PH SI inbox	Month	Number of Serious Incidents Reported into dedicated PH SI inbox
October 2019	5	October 2020	2
November 2019	3	November 2020	1
December 2019	4	December 2020	0
January 2020	3	January 2021	2
February 2020	1	February 2021	2
March 2020	1	March 2021	0
April 2020	2	April 2021	1
May 2020	3	May 2021	0
June 2020	1	June 2021	1
July 2020	5	July 2021	2
August 2020	3	August 2021	3
September 2020	2	September 2021	2
Total	33		16

Resource Implications

27. A proportion of the public health grant is needed to support the Council's obligations in relation to clinical governance e.g. in terms of staffing (clinical governance managers and contract managers).

Equality and Human Rights Implications

28. None arising directly from this report.

Recommendation

29. The Committee is asked to note this report.

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**CORPORATE GOVERNANCE COMMITTEE – 5 NOVEMBER
2021**

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

INTERNAL AUDIT PLAN AND PROGRESS REPORT

Purpose of Report

1. The purpose of this report is to: -
 - a. Provide a list of planned work for the six months to the end of March 2022.
 - b. Provide a summary of work conducted during the period 19 June to 22 October 2021.
 - c. Report on progress with implementing high importance (HI) recommendations.
 - d. Provide brief information on projects that the Chartered Institute of Public Finance and Accountancy (CIPFA) is undertaking that relate to internal audit and audit committees.

Background

2. The Public Sector Internal Audit Standards (the PSIAS) require the Head of Internal Audit Service (HoIAS) to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the Council's agenda and priorities. The scope of internal audit activity in the plan should be wide ranging, enabling the HoIAS at the end of the year in question, to produce an annual internal audit opinion on the overall adequacy and effectiveness of the Council's control environment.
3. Under the County Council's Constitution, the Committee is required to monitor the adequacy and effectiveness of the system of internal audit, with a specific function to consider the Internal Audit Plan, which outlines where audit focus will be in 2021-22. Internal audit is an essential component of the Council's corporate governance and assurance framework.
4. At its meeting on 23 July 2021, the HoIAS informed the Committee that he was introducing six month planning cycles and this report provides a list of planned work for the next six months to the end of March 2022. It also contains information on resources, progress against the previous six months planned work, an update on the implementation of high importance (HI) recommendations and brief information on work that CIPFA is undertaking.

Plan for the 6 months ending March 2022

5. Work continues in closing off audits commenced in 2020-21 and following up on the implementation of HI recommendations.
6. The first six month plan for the period to the end of September 2021 was approved by the County Council's Chief Officers (a requirement of the PSIAS). Progress has been slower than planned over the period, due to a combination of auditors' and officers' leave and unplanned staff sickness absences. Unfortunately, two very experienced auditors left the Council's Internal Audit Service (LCCIAS) over the summer. Approval has been granted to recruit replacements, but permanent recruitment of good quality staff is difficult at the current time and something that other HoIAS' are also experiencing. It is likely that the LCCIAS will employ agency staff to ensure sufficient internal audit coverage is provided for the remaining five months of the financial year, so that the HoIAS annual opinion will not be jeopardised. The costs of either option are containable within the LCCIAS budget.
7. In addition to the above, the opportunity has been taken to review the management structure of the function. To support the diverse range of assurance functions and clients, including the City Council, that the LCCIAS supports, approval was received to appoint a third Audit Manager. This will allow the Audit Managers to take on oversight of the counter fraud, risk management, governance reporting and insurance functions. This should enable the HoIAS to provide more strategic direction to the functions under his control.
8. The HoIAS has reviewed the position with audits that were planned to be started before September and discussed with the Director of Corporate Resources additional priorities for the next six months to the end of March 2022. The updated list (minus closed off audits) is shown at **Appendix 1**. A high number of audits are already in train at various stages. The audits added for the period to March 2022 are shown in **bold font**. Previously requested audits that have been postponed are shown at the bottom of the page along with a brief explanation why in *italics*. Accepting that urgent or emergency items may need to override the planned timing, at the end of March the HoIAS will review progress, key findings and performance and report once again to the Director of Corporate Resources.
9. The Committee will continue to receive progress reports at its regular meetings based on the new methodology and detailing the audits completed, the category, what opinion was reached and summaries of any high importance recommendations.

Summary of work undertaken

10. Most planned audits undertaken are of an 'assurance' type, which requires undertaking an objective examination of evidence to reach an independent opinion on whether risk is being mitigated. Other planned audits are of a 'consulting' type, which are primarily advisory and guidance to management.

These add value, for example, by commenting on the effectiveness of controls designed before implementing a new system. Also, unplanned 'investigation' type audits may be undertaken. Internal audit staff also undertake other control environment related work. **Appendix 2** provides a summary of work undertaken between 19 June and 22 October 2021.

11. For assurance audits (pages 1 and 2 of Appendix 2) an 'opinion' is given, i.e. what level of assurance can be given that material risks are being managed. There are usually four levels: full; substantial; partial; and little. 'Partial' ratings are normally given when the auditor has reported at least one high importance recommendation, which would be reported to this Committee and a follow up audit would ensue to confirm action had been implemented. Occasionally, the auditor might report a number of recommendations that individually are not graded high importance but collectively would require a targeted follow up to ensure improvements have been made.
12. Grant certifications currently continue to dominate planned work. This is not considered to be the best use of internal audit resource and pressure to change the rules so that internal audit does not have to do minor grant certifications will be applied on National Government departments through the Local Authority Chief Auditors Network and potentially the Society of County Treasurers.
13. The LCCIAS also undertakes consulting/advisory type audits (pages 3 and 4 of Appendix 2). Details, including where these incur a reasonable amount of resource, are also included. Examples include advice, commentary on management's intended control design and framework and potential implications of changes to systems, processes, and policies. The ICT Auditor oversees reviews of higher risk Information Security Risk Assessments (ISRA).
14. Pages 5 and 6 of Appendix 2 provides information on: -
 - a. Where the LCCIAS either undertakes itself (or aids others) with unplanned investigations. These are not reported to the Committee until the outcome is known. This period, two investigations were concluded.
 - b. 'Other control environment/assurance work', which gives a flavour of where internal auditors are utilised to challenge and improve governance, risk management and internal control processes which ultimately strengthens the overall control environment.
 - c. Where LCCIAS auditors are utilised to undertake work assisting other functions – none occurred during this period
15. In order to remain effective, LCCIAS staff regularly attend online training and development events and both midlands and national internal audit network events. A summary of the events attended during the last quarter is shown on pages 7 and 8 of Appendix 2.

Progress with implementing high importance (HI) recommendations

16. The Committee is also tasked with monitoring the implementation of HI recommendations. **Appendix 3** details HI recommendations and provides a short summary of the issues surrounding these. The relevant manager's agreement (or otherwise) to implementing the recommendation and implementation timescales is shown. Recommendations that have not been reported to the Committee before or where the LCCIAS has identified that some update has occurred to a previously reported recommendation are shown in **bold font**. Entries remain on the list until the Auditor has confirmed (by specific re-testing) that action has been implemented.
17. There has been good progress in this cycle. To summarise movements within Appendix 3: -
 - a. **New** – none this cycle
 - b. **In progress (extended – longest timespan first)**
 - i. Consolidated risk – ICT externally hosted contracts (two remain)
 - ii. Consolidated Risk - Travel, Subsistence and Related Allowances (COVID-19 related changes)
 - c. **Closed**
 - i. Adults and Communities – Direct Payments
 - ii. Chief Executives - Coroner Recharges
 - iii. Consolidated risk – ICT externally hosted contracts (one from three)
 - iv. Consolidated risk – Rights of audit in procurement contracts
 - v. Consolidated risk – Records management (final recommendation)

Projects undertaken by Chartered Institute of Public Finance and Accountancy (CIPFA) relating to internal audit and audit committees

18. The Chartered Institute of Public Finance and Accountancy (CIPFA) is currently undertaking a major research project looking at internal audit in the public services. It is keen to understand how internal audit is contributing most to their organisations and its future potential. This research is part of CIPFA's commitment to supporting the internal audit profession, good governance, and strong public financial management. The findings and conclusions of the research will be published by CIPFA in early 2022. The report will support all those with an interest in effective internal audit in the public services. One aspect of the project is a survey of internal auditors and their clients. CIPFA is keen to receive as wide a view as possible from across the public services and obtain the perspectives of both internal auditors and those who rely on the work of internal audit. The HoIAS, Director of Corporate Resources and the Chair of the Committee each responded to the survey.

19. Over the summer, the former Ministry of Housing, Communities and Local Government (MHCLG) (now known as the Department of Levelling Up, Housing and Communities (DLUHC)) conducted a technical consultation on the National Government's planned responses to the 'Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting', more commonly referred to as the Redmond Review. The consultation was predominantly about changes to local (external) audit arrangements but also included proposals to strengthen audit committee arrangements within councils. This related to Redmond's recommendations on, 'Enhancing the functions of local audit and the governance for responding to its findings'. CIPFA has been part of a working group of relevant stakeholder organisations which has considered how to improve the effectiveness of local audit by ensuring that there are arrangements in place so that local (external) audit reports and recommendations are effectively considered and acted upon by local authorities. In its response CIPFA supported: -
- a. Until guidance to audit committees is strengthened (see below), local authorities should review the existing structure of their audit committees to consider whether their arrangements support effectiveness.
 - b. Undertaking a review of its 'Audit Committees, Practical Guidance for Local Authorities and Police'. It is intended that the updated publication will be available by April 2022. As the guidance will have no statutory backing, CIPFA considers that it is essential that once the guidance is completed it receives the support of key stakeholders, including DLUHC. This will encourage its widespread adoption.
 - c. a view that local (external) auditors are well placed to identify any bodies that are struggling to make improvements to their audit committee effectiveness or do not attach sufficient weight to this aspect of their governance. CIPFA is of the view that the local audit framework should ensure that auditors are prepared to make comments and recommendations where improvement is required.
 - d. A view that mandating the audit committee would have additional benefits beyond tackling problem areas.
 - e. A proposal that local (external) auditors should be required to present an annual report to full Council, and that the audit committee should also report its responses to the local (external) auditor's report. CIPFA sees it as important that the local auditors can engage directly with the audit committee for a full discussion of the matters underpinning the report and that the committee should take the lead in making recommendations on how the auditor's findings should be addressed. Presenting the Committee's response to the body charged with governance (e.g. full council) alongside the auditor's annual report provides assurance on how effectively the audit committee is leading on addressing auditor concerns.
 - f. The comments in the consultation on the importance of internal audit and the need to ensure that local government bodies maintain an effective internal audit, taking into account the requirements of the Public Sector Internal Audit Standards (2017), the Local Audit Application Note (2019) and that governance arrangements for internal

audit are in accordance with the CIPFA Statement on the Role of the Head of Internal Audit.

20. The DLUHC's conclusions will be considered and reported to a future meeting of the Committee.

Resource implications

21. None

Equality and Human Rights Implications

22. There are no discernible equality and human rights implications resulting from the audits listed.

Recommendation

23. That the contents of the routine update report be noted.

Background Papers

[The Constitution of Leicestershire County Council](#)

Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/916217/Redmond_Review.pdf

Circulation under the Local Issues Alert Procedure

None.

Officer to Contact

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Appendices

- | | |
|------------|--|
| Appendix 1 | Internal Audit Plan – 6 months to end of March 2022 |
| Appendix 2 | Summary of Internal Audit Service work undertaken between 19 June and 22 October 2021. |
| Appendix 3 | High Importance Recommendations at 22 October 2021 |

Internal audits planned to start by the end of March 2022

<u>Dep't</u>	<u>Audit area</u>	<u>Theme</u>	<u>Rationale</u>	<u>Period to</u>
A&C	Procurement – Home Care for Leicestershire	G/RM	AD request	Sep-21
A&C	Discharge to Assessment (D2A) process	G/RM	AD request	Sep-21
C&FS	Supporting Leicestershire Families	IC	Grant certification	Sep-21
C&FS	Basic Need Grant	IC	Grant certification	Sep-21
C&FS	Safeguarding - Overview of Quality Assurance and Performance management processes	G/RM	AD request	Sep-21
C&FS	LGO Ruling - Nursery fees and the Free Early Education Entitlement	G/RM	AD request	Sep-21
C&FS	LGO Ruling - School Admissions	G/RM	AD request	Sep-21
C&FS	Maintained schools – themed audits to include SFVS, Business Continuity plans	IC	HolAS requirement	Sep-21
Cons Risk	Governance Risk Resilience Framework	G/RM	Governance Group req't	Sep-21
Cons Risk	Public Interest Report - gauge likelihood of happening at LCC	G/RM	Governance Group req't	Sep-21
Cons Risk	Information Security Risk Assessments	IC	Review higher risk	Sep-21
Cons Risk	PSN Certification	G/RM	HolAS requirement	Sep-21
Cons Risk	Cyber Security	IC	Nationwide risk	Sep-21
Cons Risk	Records Management f/u - post Summer Sort Out	RM	F/U HI Recs	Sep-21
Cons Risk	Counter Fraud NFI	IC	Review higher risk	Sep-21
Cons Risk	Hardware & Software Assets	IC	HolAS requirement	Sep-21
Cons Risk	Fraud Risks - Changes to bank accounts	IC	Nationwide risk	Sep-21
Cons Risk	Disaster Recovery (ICT)	G/RM	AD request	Sep-21
Cons Risk	Workforce Well Being	G/RM	AD request	Sep-21
Cons Risk	Counter Fraud Fit Note Process	IC	AD request	Sep-21
Cons Risk	Redmond implementation	G	AD request	Mar-22
Cons Risk	Procurement challenges	G/RM	AD request	Mar-22
CR	PDSA (Public Sector Decarbonisation Scheme)	IC	Grant certification	Sep-21
CR	Fusion - Workarounds, residual risks and issues management	IC	AD request	Sep-21
CR	Tax Digital	IC	HolAS requirement	Sep-21

<u>Dep't</u>	<u>Audit area</u>	<u>Theme</u>	<u>Rationale</u>	<u>Period to</u>
CR	Surveillance Systems	G/RM	AD request	Sep-21
CR	Fusion - Various payables methods	IC	HolAS requirement	Sep-21
CR	Fusion - Expenses	IC	AD request	Sep-21
CR	Financial Management Code	G/RM	AD request	Mar-22
CR	Covid Local Support Grant (Claim 2)	IC	Grant certification	Mar-22
E&T	COVID 19 - Bus Services Support Grant Restart Scheme (Claim 7&8)	IC	Grant certification	Sep-21
E&T	COVID 19-Additional Dedicated Home to School & College Transport Funding (Claims 5/6/7)	IC	Grant certification	Sep-21
E&T	Travel demand Management Intial Grant (Claim 2)	IC	Grant certification	Sep-21
E&T	Members Highways Fund	G/RM	AD request	Sep-21
E&T	Bus Recovery Grant	IC	Grant certification	Mar-22
E&T	Traffic Signals Grant	IC	Grant certification	Mar-22
E&T	Resource Funding for National Bus Strategy	IC	Grant certification	Mar-22
E&T	Disclosure and Barring Checks - 3rd party contractors	G/RM	AD request	Mar-22
PH	Covid funding – any other potential grants that may come in requiring sign off.	IC	Grant certification	Sep-21
PH	Track & Trace Funding Allocation	IC	Grant certification	Sep-21
PH	Residential Rehabilitation and interim arrangements.	G/RM	AD request	Sep-21
PH	Re-procurement of DSVA (Domestic Sexual Violence and Abuse Service)	G/RM	AD request	Sep-21
PH	Suicide prevention – Implementation and effectiveness of the partnership.	G/RM	AD request	Sep-21
<u>Previously requested audits since postponed</u>		<u>Rationale</u>		
A&C	<i>Safeguarding – Potential areas suggested - (role of CSC; adequacy of website; contract management of 3rd parties; 3rd party training)</i>	G/RM	<i>Further info required</i>	<i>Sep-21</i>
A&C	<i>Sustainability of the social care market post Covid-19.</i>	G/RM	<i>Manage through CRR</i>	<i>Sep-21</i>
C&FS	<i>Recruitment and retention of staff</i>	G/RM	<i>Manage through CRR</i>	<i>Sep-21</i>
C&FS	<i>Maintained school audits</i>	All	<i>Themed audits underway</i>	<i>Sep-21</i>
C&FS	<i>SENA Service</i>	G/RM	<i>Further info required</i>	<i>Mar-22</i>

<u>Dep't</u>	<u>Audit area</u>	<u>Theme</u>	<u>Rationale</u>	<u>Period to</u>
C&FS	Reporting & data management for statutory requirements	G/RM	Further info required	Mar-22
Cons Risk	Governance and delivery assurance relating to Environment and Zero Carbon agenda	G/RM	Await new lead post	Mar-22
CR	Savings delivery - including deep dives	C	Await progress position	Mar-22
CR	Business Continuity - supplier BC plans	RM	Await lessons learned	Mar-22
CR	Commercial services income	IC	Await progress position	Mar-22
E&T	The Parking Board/Partnership (with districts) – Governance arrangements	G/RM	AD request to move	Sep-21
E&T	HS2 – Review of progress against the Business Case	G/RM	AD request to move	Sep-21
E&T	Major Road Network Grant	IC	AD request to move	Sep-21
E&T	Climate change and carbon emissions	G/RM	AD request to move	Sep-21

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Summary of Internal Audit Service Work – 19th June to 22nd October 2021**Appendix 2****Assurance Audits**

<u>Department</u>	<u>Entity</u>	<u>Final report (or position at 22/10)</u>	<u>Opinion</u>	<u>HI Rec'n</u>
Adults & Communities	Culture Recovery Fund - Grants Programme. Project No - CRFG - 00308896	30-Sept-21	Certified	No
Adults & Communities	Disabled Facilities Grant	22-Oct-21	Certified	No
Adults & Communities	Direct Payments – follow up HI recommendations	22-Oct-21	N/A	Closed
Chief Executives	Coroners – follow up HI recommendations	22-Oct-21	N/A	Closed
Children & Family Services	2021/22 Supporting Leicestershire Families - Payments by Results (Tranche 1 July 21 Claim)	24-Sept-21	Certified	No
Consolidated Risk	Working from home equipment allowance – Tranche 2	Draft Report being compiled	TBC	TBC
Consolidated Risk	Travel, Subsistence and Related Allowances (COVID-19 related changes)	Draft Report being compiled	N/A	TBC
Consolidated Risk	CCTV and Surveillance Audit	Testing Ongoing	TBC	TBC
Consolidated Risk	Key ICT Controls 2020/21	Testing Ongoing	TBC	TBC
Consolidated Risk	Disaster Recovery Audit	Testing Ongoing	TBC	TBC
Consolidated Risk	National Fraud Initiative – investigation of outputs from data matching	Testing Complete	TBC	TBC
Consolidated Risk	ICT Externally Hosted Contracts - follow up HI recommendations	22-Oct-21	N/A	Part closed

Consolidated Risk	Rights of audit in procurement contracts - follow up HI recommendations	22-Oct-21	N/A	Closed
Consolidated Risk	Records management	22-Oct-21	N/A	Closed
Corporate Resources	Professional Indemnity Insurance Cover	Draft Report issued	TBC	TBC
Corporate Resources	COVID 19 - Local Support Grant – Claim 1	07-July- 21	Certified	No
Corporate Resources	Culture Recovery Fund - Grant Programme - 2021	30-Sept-21	Certified	No
Environment & Transport	COVID-19 LTA Bus Services Support Grant Restart Scheme (Revenue) (Period 16/3/21– 10/5/21)	09-Jul-21	Certified	No
Environment & Transport	Bus Services Operators Grant (BSOG) 2020/21	27-Sept-21	Certified	No
Environment & Transport	2021/22 - Additional Home to School and College Transport Grant - Tranche 3 and 4	Testing Ongoing	TBC	No
Environment & Transport	Local Transport Capital Block Funding (Highways Maintenance Challenger Fund) - (2020/21) No 31/5072	28-Sept-21	Certified	No
Environment & Transport	Local Transport Capital Block Funding (Pothole and Challenge Fund) (2020/21) No 31/5072	28-Sept-21	Certified	No
Environment & Transport	Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) - 2020/21: No 31/5036	28-Sept-21	Certified	No
Public Health	HIV PrEP Grant Determination No. 31/5179	15-Jul-21	Certified	No

Consulting audits

<u>Department</u>	<u>Entity</u>	<u>Final report (or position at 22/10)</u>
Consolidated Risk	IAS continues to provide advice to the PSN working group as and when required. Certification was obtained in July 2021. The IT Health Checks for the next submission have been planned for October 2021.	Ongoing
Consolidated Risk	ICT Policies. Attendance at the Information Assurance Group. Advice provided on IT Asset Management (Monitors)	Ongoing
Environment & Transport	Members Highways Fund – IAS continues to provide advice to staff involved in setting up processes for the Fund.	Ongoing
Corporate Resources	Fit for the Future Project: On-going post go live liaison with NCC Audit covering <ul style="list-style-type: none"> • Audit Trails • Audit roles in Fusion • Fusion and cloud application reviews • Oracle session timeout 	Ongoing – Post go-live consultancy
Corporate Resources	Capital Project	Signed off – Sept 21
Corporate Resources	LTS Forecasting	Signed off – Sept 21
Corporate Resources	ISRA – Stor-a-file Scanning	Signed off 04/08/21

Corporate Resources	ISRA – Dizions Cross Data	Ongoing
Corporate Resources	ISRA – Edufocus Evolve	Signed off 26/08/21
Corporate Resources	ISRA – Granicus Reporting Pilot	Ongoing
Corporate Resources	ISRA – Welfare Call	Signed off 11/8/21
Corporate Resources	ISRA – Remote Desktop Services (VDI replacement solution)	Ongoing

Undertaking or aiding with unplanned 'investigations'

<u>Department</u>	<u>Entity / Details</u>	<u>Outcome by 22/10</u>
Corporate Resources	HR-led investigation into fraud by abuse of position (selling of items for personal gain)	Advice given
Chief Executives	A third-party reported an irregularity to the IAS concerning an organisation receiving grant funding from the Council. The third-party claimed that the organisation in question had forged expenses receipts in their name and had forged their signature. The third-party had reported this to the Police.	The Council provided a statement to the Police in support of any action to be taken. Additionally, the Council has sought recovery of a further grant paid to the organisation (£4k) and has undertaken a thorough review of the organisation's utilisation of grant funding received.

Other control environment/assurance work

<u>Department</u>	<u>Entity</u>	<u>Final report (or position at 22/10)</u>
Governance	Final Annual Governance Statement 2020-21 prepared	Complete
Consolidated Risk	Collated risk information from all Departments and prepared Risk Management update report to Corporate Governance Committee for 5 November 2021	Ongoing
Consolidated Risk	Chaired monthly meetings of the Property & Occupants Risk Management Group	Ongoing
Counter Fraud	Liaison with Comms Team, Learning & Development Section and Trading Standards to agree on a joined-up approach to fraud awareness raising work during International Fraud Awareness Week. The approach this time around will see key messages given to all staff, but with a particular focus on the New Starters' Network, and additional comms aimed at the general public through the Council's Social Media channels, e.g. Facebook, Twitter.	Complete
Consolidated Risk	Preparation for discussion with the External Auditor as part of their VFM opinion assessment	Ongoing

Work assisting other functions

<u>Department</u>	<u>Entity</u>	<u>Position at 22/10</u>
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None this period

Training, development and networks attended during the period

Local Authorities Chief Auditors Network

- Inputs to relevant points of practice
- Meetings in July and October

Midlands Counties Heads of Internal Audit Groups

- Management group September meeting
- ICT Audit Sub-Group
 - Inputs into IT Points of Practice
 - ICT Audit Subgroup - September
 - Webinar “Cybersecurity: how to drive better cross organisational assurance”
- Fraud Sub-Group
 - Annual meeting (virtual) to discuss current and emerging fraud risks.

Midlands Contract Audit Group

- None this period

Institute of Internal Auditors

- Auditing local authority culture

CIPFA Better Governance Forum (and LGA)

- CIPFA Summer Audit Update
- CIPFA Update on Procurement and Contracting

East Midlands Risk Management Group

- None this period

Other training & development

- National Anti-Fraud Network (NAFN) – Equifax Searches
- How to digitise your IA function
- CIPFA Counter Fraud Technician (Qualification Pending After Final Assignment submitted and passed)
- Podcast - Property damage as a consequence of cyber attack

High Importance Recommendations at 22nd October 2021

<u>Audit Title (Director)</u>	<u>Summary of Finding(s) and Recommendation(s)</u>	<u>Management Response</u>	<u>Action Date (by end of) & extensions</u>	<u>Confirmed Implemented</u>
Reported June 2021				
Coroner Recharges (Chief Executives)	<p>Two HI recommendations were made: -</p> <p>1) The draft Memorandum of Agreement (MOA) with Leicester City Council should be promptly reviewed and updated and then signed by both parties, with appropriate monitoring arrangements built into the agreement.</p> <p>2) Requirements to address areas of weaknesses identified such as, timeliness of receipt of financial information and documentation of reasons for budget adjustments, should be captured in the revised MOA. Adherence to the requirements in the MOA should be monitored.</p>	<p>1. Working to the finalised MOA</p> <p>2. Improvements have been built in with monthly monitoring in place. Information exchange is much improved since the appointment of a new City Council Coroners manager.</p>	<p>June 2021</p> <p>Extend to July 2021</p>	<p>1. Yes</p> <p>2. Yes</p>
Travel, Subsistence and Related Allowances (COVID-19 related changes) (Consolidated Risk)	<p>No individual HI recommendations, but collective control weaknesses resulted in a partial assurance rating.</p> <p>Recommendations covered:</p> <ul style="list-style-type: none"> Aligning temporary instructions with policy Accuracy of reporting and receipt evidence Authorisation process 	<p>Further testing undertaken now the process has moved into Fusion expenses</p>	<p>June 2021</p> <p>July 2021</p> <p>Extend to November 2021</p>	

Reported November 2020				
Direct Payments (Personal Budgets)	<p>A review of the tableau dashboard of service users receiving an annual review revealed that as of 1st March 2020 there were 324 service users awaiting an annual review. Of these 35 were overdue by more than 12 months and 99 by between 6 and 12 months.</p> <p>1. Recommended annual reviews of all service users' care and support plans to establish whether client needs had changed, and the level of direct payment was appropriate to meet those needs.</p> <p>A review of Direct Payment Agreements found that where an arrangement was in place to pay a close member of family for providing care services, this was not recorded in the care and support plan, nor was approval obtained from the Head of Service as is required according to direct payments guidance. In addition, evidence was seen of expenditure that could potentially be considered to be contentious.</p> <p>2. It was recommended that the policy regarding paying close family members and carers living in the same house for providing care services should be adhered to. Where family members are used for providing care services, this should be recorded in the care and support plan, and contentious expenditure should be authorised by the Head of Service.</p> <p>The feasibility of a retrospective review (and authorisation at Head of Service level) of service users making payments to family members should be considered. If this is not feasible, it should be covered at the point of next annual review.</p>	<p>1. The number of DP users who have received a review, shows good improvement since April 2021. The numbers overdue were high during lockdown as the Domiciliary Review Service were re-deployed to support hospital discharge. This halted business as usual for the majority of 2020 and continued to be impacted by the pandemic to support peaks of hospital pressures into 2021. More recently the team have embarked on a 12 week programme to review domiciliary packages comprising 10 hours or more to address the current pressure on the domiciliary care market. This work is now nearing completion. From 1st November the focus will be back on DP reviews with high balances. This is not a new process and was there pre-pandemic though due to staff redeployment during COVID, there was impact on DP reviews. Explanation has been provided on how exactly</p>	<p>December 2020 May 2021</p> <p>Extended to July 2021</p> <p>December 2020 May 2021</p> <p>Extended to July 2021</p>	<p>1. Yes 2. Yes</p>

		<p>the processes will work and IAS will review a random number of cases in January.</p> <p>2. Guidance has been cascaded to care pathway staff with a specific focus on the arrangements for agreeing payments to close family members. This was also the focus of a services of briefings with Service Managers. Learning and Development are assisting the department to produce a suite of materials to upskill the workforce regarding direct payments and the payment of close family members.</p>		
Reported July 2020				
ICT Externally Hosted Contracts (Consolidated risk)	<p>Three HI recommendations were made: -</p> <ol style="list-style-type: none"> 1. Confirm the circumstances of the contract before deleting records 2. Conduct an audit to determine whether valid contract are in place 3. Decide whether original (signed) contracts should be held centrally. <p>Recommendations have been expanded to cover the wider contracts database</p>	<p>1. The Procurement and Commissioning Support Manager confirmed that 90% of contracts are now on the contracts register. Oracle Fusion dictates that all orders >£25K to one supplier will require a contract and this is triggered. Greater transparency reporting will be required by the authority in April 2022.</p>	<p>Initial recommendations September 2020 December 2020 March 2021 June 2021 July 2021</p> <p>Retain as December 2021 for the Procurement toolkit</p>	<p>1. Yes</p> <p>2&3 - not determined at the time of going to print</p>

		<p>2. ICT contracts are still being recorded on MARVAL. Further checks to ensure those (under £25K) are being recorded in the register.</p> <p>3. Still to be discussed with legal whether contracts are to be held centrally. Toolkit further delayed until end of this calendar year.</p>		
Rights of audit in procurement contracts (Consolidated risk)	<p>Two HI recommendations were made: -</p> <ol style="list-style-type: none"> 1. Include rights of audit clauses within all corporate guidance and any subsequent toolkits/associated training 2. Consider requesting a variation to retrospectively include rights to audit clauses for any relevant contracts (balancing cost v benefit) 	<p>1. Contracts examined found that the Rights of audit in Procurement clause had been included. This is to be a requirement in the Toolkit.</p> <p>2. It has been decided that current contracts will not be updated retrospectively but the Procurement and Commissioning Support Manager confirmed that it is included in all new contracts. Evidence confirmed that instruction had gone out to departments.</p>	<p>September 2020 December 2020 March 2021 June 2021 July 2021</p>	<p>1. Yes 2. Yes</p>

Reported June 2020				
Records management (Consolidated Risk)	<p>Internal Audit randomly chose three sections within County Hall to undertake floor walks. The exercise identified some confidential and sensitive records that were not secured.</p> <p>Recommended</p> <ol style="list-style-type: none"> 1. Communicate to staff that physical records containing personal and sensitive information should be held securely. 2. Ad hoc spot checks should be independently undertaken by the Information Governance Team or Internal Audit. 	<p>A further floor walk has been agreed by the Senior Information Risk Officer. This has been slight delayed to enable coordination with the Summer Sort Out project. Comms to staff has been drafted.</p> <p>Longer term plan is for continual auditing at set periods.</p>	<p>Immediate September 2020 December 2020 March 2021</p> <p>Extended to August 2021</p> <p>Extended to October 2021</p>	<ol style="list-style-type: none"> 1. Yes 2. Yes

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**CORPORATE GOVERNANCE COMMITTEE: 5 NOVEMBER 2021****QUARTERLY TREASURY MANAGEMENT REPORT****REPORT OF THE DIRECTOR OF CORPORATE RESOURCES****Purpose of report**

1. The purpose of this report is to update the Committee on the actions taken in respect of treasury management for the quarter ending 30 September 2021 (Quarter 2).

Policy Framework and Previous Decisions

2. The Annual Investment Strategy for 2021/22 forms part of the Council's medium term financial strategy (MTFS) and was approved by full council in February 2021.
3. An update in respect of Quarter 1 2021/22 was provided to the committee on 23rd July 2021.

Background

4. Treasury Management is defined as:

"The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

5. A quarterly report is produced for the Committee to provide an update on any significant events in treasury management.

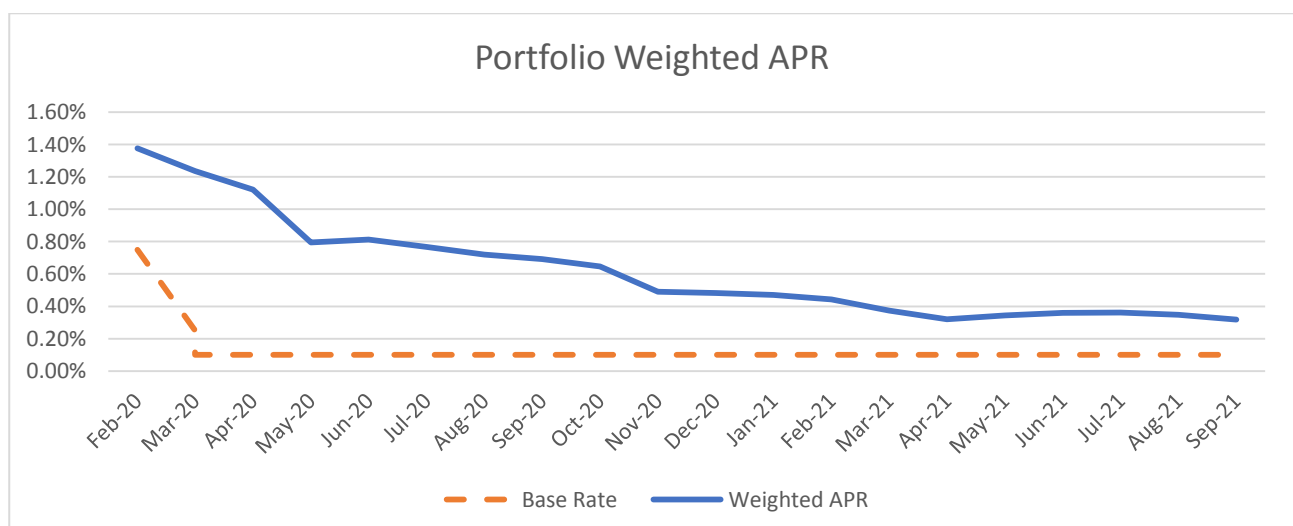
Economic Background

6. The Council's treasury management adviser, Link Asset Management (Link), provides a quarterly update outlining the global economic outlook and monetary policy positions. An extract from this report is attached as Appendix A to this report. The key points are summarised below.
7. The Bank of England's (BoE) Monetary Policy Committee (MPC) left the base interest rate and levels of quantitative easing unchanged at its 24th September meeting. The decision on interest rates was unanimous, although two MPC members did vote to stop the last £35bn of quantitative easing purchases.

8. The key takeaway from the MPC's minutes was a major shift in tone regarding inflation. Previously, Governor Andrew Bailey has stated a belief that higher levels of inflation were transitory and signalled the BoE would wait for sustained levels above its 2% target before moving to raise the Base Rate. This time the MPC's words indicated a greater concern that inflationary pressures are not so transitory, and the MPC pointedly chose to reaffirm its commitment to a 2% inflation target.
9. There is increasing evidence that financial markets are now pricing in a rate rise from 0.10% to 0.25% in February 2022. Although Link's view is that this may be overly ambitious as key data releases following the ending of the National Furlough Scheme will not be available until May 2022.

Action Taken During Quarter 2 to September 2021

10. The balance of the investment portfolio increased from £346.9m to £369.5m. Within the portfolio, £163.1m of investment loans matured at an average rate of 0.18% (excluding Private Debt), and £187.1m of new loans were placed, at an average rate of 0.14%. The Council also received capital receipts for the partners private debt investment totalling £1.4m.
11. To date the Council has received twelve distributions from the private debt investment totalling £9.6m. Of this £7.6m represents return of invested capital, with the remaining £2m representing interest received. This means from an initial investment of £20m the Council has £12.4m remaining capital committed and the current market value of the investment is £13.2m. The private debt investment represents only a small portion of the total portfolio, but, with a current internal rate of return (IRR) of 4.58%, it is contributing significantly to the total portfolio annual percentage rate (APR). The APR including private debt is 0.32% versus a loans only APR of 0.17%.
12. The average rate achieved on new loans again fell short of the average rate of loans maturing. As a result, the portfolio weighted APR reduced from 0.36% in Q1 21-22 to 0.32% in Q2 21-22.
13. The chart below shows the weighted APR achieved by the treasury portfolio compared to the BoE base rate:



14. The loan portfolio at the end of September was invested with the counterparties shown in the table below, listed by original investment date:

	£m	<u>Maturity Date</u>
Instant Access		
Money Market Funds	42.1	October 2021
6 Months		
HSBC	40.0	July 2021
Close Brothers	10.0	September 2021
Close Brothers	10.0	October 2021
Landesbank Baden Wurtemberg	10.0	October 2021
Landesbank Hessen Thuringen	10.0	October 2021
Santander	10.0	October 2021
Landesbank Hessen Thuringen	10.0	November 2021
Goldman Sachs	30.0	November 2021
National Bank of Canada	10.0	November 2021
Nationwide Building Society	15.0	January 2022
Australia and New Zealand Bank	20.0	February 2022
Santander	20.0	February 2022
Nationwide Building Society	15.0	February 2022
Close Brothers	10.0	March 2022
9 Months		
National Westminster Bank Plc	20.0	October 2021
National Westminster Bank Plc	10.0	February 2022
12 Months		
National Westminster Bank Plc	10.0	November 2021
Toronto Dominion Bank	20.0	May 2022
National Westminster Bank Plc	10.0	August 2022
National Westminster Bank	15.0	September 2022
Beyond 12 Months		
Partners Group (Private Debt)	12.4	Estimated 2024
Danske Bank	10.0	September 2027
Total Portfolio Balance at 30 September 2021	369.5	

15. As mentioned in paragraph 9, there is some evidence that markets are pricing in a rate rise soon. However, it is likely to take a number of months of sustained expectations before this has a noticeable impact on the Council's APR. The Council will continue its low risk approach to treasury management whilst trying to be mindful of rates earned.

Loans to Counterparties that breached authorised lending list

16. On 24th June 2021 Standard and Poor Global Ratings (S&P) downgraded the long term and short term ratings of Landesbank Hessen-Thüringen Girozentrale (Helaba). As a result, Link's suggested lending duration was also downgraded from 12 months to six months. The Council's Treasury Management Strategy limits investment in overseas banks with a suggested duration of six months to a total of £10m. At the time of this downgrade the Council had total loans of £20m outstanding with Helaba – meaning, although the loans were fully compliant when placed, they have subsequently breached policy.

The Committee should note the £20m invested with Helaba consisted of two fixed term deposits of £10m. The first of these was repaid with full interest on 18th October 2021. The remaining £10m is due back on 11th November 2021.

Decisions Regarding Further Investment - Private Debt

17. The addition of pooled private debt funds to the list of acceptable investment types within the Annual Investment Statement, with a maximum cash investment of £40m, was first approved by the Cabinet on 12 December 2017. This approval provided flexibility so that further investments above the £20m initial investment up to the new maximum would not need specific approval from the Cabinet.
18. However, given the size of the investments made when reinvesting, it is expected that sizeable future proposals will be presented to the Corporate Asset Investment Fund Advisory Board, followed by the Scrutiny Commission, before being passed to Cabinet for final approval. All decisions will be made within stated policy.

Resource Implications

19. The interest earned on revenue balances and the interest paid on external debt will impact directly onto the resources available to the Council. The budgeted income for interest generated by treasury management activities (including private debt and pooled property investments) for 2021/2022 is £1.3m. Current forecasting suggests that actual interest earned will be in the region of £2.8m. This overperformance can be entirely explained by the partners private debt investment distributing income sooner than originally anticipated.

Recommendations

20. The Committee is asked to note this report.

Background papers

21. Report to the Cabinet on 12 December 2017 – Recommended Change to Treasury Management Policy:
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4866&Ver=4>

Circulation under the Local Issues Alert Procedure

22. None.

Equality and Human Rights Implications

23. There are no discernible equality and human rights implications.

Appendix

24. Economic Overview (September 2021)

Officer to Contact

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Economic Overview (June 2021) – Provided by Link Asset Services

MPC meeting 24.9.21

- The Monetary Policy Committee (MPC) voted unanimously to leave Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn; two MPC members voted to stop the last £35bn of purchases as they were concerned that this would add to inflationary pressures.
- There was a major shift in the tone of the MPC's minutes at this meeting from the previous meeting in August which had majored on indicating that some tightening in monetary policy was now on the horizon, but also not wanting to stifle economic recovery by too early an increase in Bank Rate. In his press conference after the August MPC meeting, Governor Andrew Bailey said, "the challenge of avoiding a steep rise in unemployment has been replaced by that of ensuring a flow of labour into jobs" and that "the Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack, and underlying wage pressures." In other words, it was flagging up a potential danger that labour shortages could push up wage growth by more than it expects and that, as a result, CPI inflation would stay above the 2% target for longer. It also discounted sharp increases in monthly inflation figures in the pipeline in late 2021 which were largely propelled by events a year ago e.g., the cut in VAT in August 2020 for the hospitality industry, and by temporary shortages which would eventually work their way out of the system: in other words, **the MPC had been prepared to look through a temporary spike in inflation.**
- So, in August the country was just put on alert. However, this time the MPC's words indicated there had been a marked increase in concern that more recent increases in prices, particularly the increases in gas and electricity prices in October and due again next April, are, indeed, likely to lead to **faster and higher inflation expectations and underlying wage growth, which would in turn increase the risk that price pressures would prove more persistent next year than previously expected. Indeed, to emphasise its concern about inflationary pressures, the MPC pointedly chose to reaffirm its commitment to the 2% inflation target in its statement;** this suggested that it was now willing to look through the flagging economic recovery during the summer to prioritise bringing inflation down next year. This is a reversal of its priorities in August and a long way from words at earlier MPC meetings which indicated a willingness to look through inflation overshooting the target for limited periods to ensure that inflation was 'sustainably over 2%'. Indeed, whereas in August the MPC's focus was on getting through a winter of temporarily high energy prices and supply shortages, believing that inflation would return to just under the 2% target after reaching a high around 4% in late 2021, now its primary concern is that underlying price pressures in the economy are likely to get embedded over the next year and elevate future inflation to stay significantly above its 2% target and for longer.
- Financial markets are now pricing in a first increase in Bank Rate from 0.10% to 0.25% in February 2022, but this looks ambitious as the MPC has stated that it wants to see what happens to the economy, and particularly to employment once furlough ends at the end of September. At the MPC's meeting in February it will only have available the employment figures for November: to get a clearer picture of employment trends, it would need to wait until the May meeting when it would have data up until February. At its May meeting, it will also have a clearer understanding of the likely peak of inflation.
- **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -
 1. Placing the focus on raising Bank Rate as "the active instrument in most circumstances".
 2. Raising Bank Rate to 0.50% before starting on reducing its holdings.
 3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
 4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.
- **COVID-19 vaccines.** These have been the game changer which have enormously boosted confidence that **life in the UK could largely return to normal during the summer** after a third wave of the virus threatened to overwhelm hospitals in the spring. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up

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demand and purchasing power stored up for services in hard hit sectors like restaurants, travel and hotels. The big question is whether mutations of the virus could develop which render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread.

- **US.** See comments below on US treasury yields.
- **EU.** The slow roll out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate has picked up sharply since then. After a contraction in GDP of -0.3% in Q1, Q2 came in with strong growth of 2%, which is likely to continue into Q3, though some countries more dependent on tourism may struggle. Recent sharp increases in gas and electricity prices have increased overall inflationary pressures but the ECB is likely to see these as being only transitory after an initial burst through to around 4%, so is unlikely to be raising rates for a considerable time.
- German general election. With the CDU/CSU and SPD both having won around 24-26% of the vote in the September general election, the composition of Germany's next coalition government may not be agreed by the end of 2021. An SPD-led coalition would probably pursue a slightly less restrictive fiscal policy, but any change of direction from a CDU/CSU led coalition government is likely to be small. However, with Angela Merkel standing down as Chancellor as soon as a coalition is formed, there will be a hole in overall EU leadership which will be difficult to fill.
- **China.** After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of the year; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021. However, the pace of economic growth has now fallen back after this initial surge of recovery from the pandemic and China is now struggling to contain the spread of the Delta variant through sharp local lockdowns - which will also depress economic growth. There are also questions as to how effective Chinese vaccines are proving. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.
- **Japan.** 2021 has been a patchy year in combating Covid. However, after a slow start, nearly 50% of the population are now vaccinated and Covid case numbers are falling. After a weak Q3 there is likely to be a strong recovery in Q4. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was negative in July. New Prime Minister Kishida has promised a large fiscal stimulus package after the November general election – which his party is likely to win.
- **World growth.** World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is likely that we are heading into a period where there will be a reversal of **world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.
- **Supply shortages.** The pandemic and extreme weather events have been highly disruptive of extended worldwide supply chains. At the current time there are major queues of ships unable to unload their goods at ports in New York, California and China. Such issues have led to mis-distribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods on shelves.