

Minutes of a meeting of the Corporate Governance Committee held at County Hall,
Glenfield on Friday, 30 September 2022.

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 CC
Mr. T. J. Richardson CC

1. Appointment of Chairman

RESOLVED:

That Mr. T. Barkley CC be elected Chairman for the period ending with the date of the Annual Meeting of the County Council in 2023.

Mr T. Barkley CC in the Chair

2. Election of Vice Chairman

RESOLVED:

That Mr T. J. Richardson CC be elected Vice Chairman for the period ending with the date of the Annual Meeting of the County Council in 2023.

3. Minutes

The minutes of the meeting held on 13th May 2022 were taken as read, confirmed and signed.

4. Question Time.

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

5. 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).

6. Urgent items

There were no urgent items for consideration.

7. 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 non-registerable interest in agenda item 13 (Quarterly Treasury Management Report) as he was in receipt of a pension from Lloyds Bank Plc.

8. Presentation of Petitions under Standing Order 35.

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

9. External Audit Plan 2021/22

The Committee considered a report of the Director of Corporate Resources which presented the final External Audit Plan for 2021/22 for the Council and its Pension Fund. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

The Chairman welcomed Mr Andy Reid from Grant Thornton UK LLP, the Council's external auditors, to the meeting.

A member sought assurance that current national financial turmoil did not affect the Leicestershire Pension Fund. Mr Reid confirmed that most local government pensions had not borrowed against gilt holdings which had been the key issue resulting in the Bank of England having to step in. This was not therefore currently an issue for the County Council and its pension fund.

RESOLVED:

That the final External Audit Plan 2021/22 for the Council and its Pension Fund be noted.

10. Risk Management Update

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

As part of this item the Committee also received a presentation on Corporate Risk B (If because of the ongoing war in Ukraine, the Homes for Ukraine Scheme continues beyond its original planned duration, increasing numbers of hosts are likely to end their sponsorships and refugees (or guests) are expected to encounter challenges in securing new sponsors or privately-rented accommodation, then the cost and service pressures on the Council and partners are likely to increase, safeguarding issues might increase and there will be a reputation risk if the scheme fails to provide the support guests require. Cost of living pressures are exacerbating the issue both in relation to hosts and guests).

Risk Presentation

Arising from discussion, the following points were made:

- (i) The scheme had been an excellent example of partnership working across the County and members welcomed the work undertaken by officers across the public sector in delivering the Homes for Ukraine Scheme to date.
- (ii) Members raised concerns about how the risks identified were being communicated to central Government together with the need for additional support and funding to avoid a 'perfect storm' developing. The Chief Executive reported that locally representations had been made by the Leicester, Leicestershire and Rutland Local Resilience Forum to Government and to local MP's. As this was a national issue, the same concerns had also been raised by a number of other local authorities that were facing similar pressures.
- (iii) There was anecdotal evidence that some Ukrainian guests had and were continuing to return to the Ukraine. However, it seemed that such people were located in those parts of the country which were furthest away from the conflict. Members noted that the situation in the Ukraine remained volatile and the numbers returning were not therefore significant.

Risk Management Update

- (iv) Members raised concerns about the large number of children's social care workers that had left the Council recently and questioned what affect this had on service delivery. The Director of Law and Governance confirmed that the Director of Children and Family Services, following discussions with Corporate Finance, had put in place plans to address the issue and steps were being taken to ensure the service continued to be able to meet its statutory responsibilities. The situation would continue to be monitored, however, as this was expected to be an ongoing problem as many were leaving for higher rates of pay being offered by agencies which the County Council, like other authorities, could not compete with.
- (v) It was questioned whether Risk 4.2 regarding Arriva's concessionary travel appeal, could now be removed from the Corporate Risk Register. The Director confirmed that the risk would be referred back to the Department for review. At present the financial position for the County Council appeared positive with no liability for backdated reimbursement being due to Arriva.
- (vi) Members raised concerns regarding Risk 1.6 and 10.1 (SEND pressures) and the vast increase in demand faced by the Authority. Whilst a national issue Members noted that demand for Education and Health Care Plans (EHCP) in Leicestershire was significantly higher than that being seen by neighbouring authorities. The Director confirmed that this risk had been given the highest risk score possible and was therefore a priority for the Department and the Council. Members noted that a strategic plan to address the increase in demand for EHCPs had been put in place with support from external consultants and progress would continue to be reviewed at officer level and through the Children and Families Overview and Scrutiny Committee.

- (vii) In response to questions raised the Director confirmed that Risk 1.7 (HRMC IR35) would be reviewed and in light of the Government's recent mini budget, would likely be removed from the Corporate Risk Register.

RESOLVED:

- (a) That the current status of the strategic risks facing the County Council be approved;
- (b) That the content of the presentation on Corporate Risk B regarding the Homes for Ukraine Scheme be noted;
- (c) That at the next meeting of the Committee a presentation be provided on Corporate Risk 7.4 (Social Care Reform, implementation of charging reform and assurance process);
- (d) That the update regarding mitigating the risk of fraud be noted.

11. Annual Report on the Operation of the Members Code of Conduct

The Committee considered a report of the Director of Law and Governance which provided an annual update on the operation of the Members' Code of Conduct and on the Government's response to date on the recommendations made by the Committee on Standards in Public Life in 2019. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

Members supported proposals to brief the Chair and Spokespersons each year in more detail on the member complaints received and decisions taken. This would provide added assurance in line with up-to-date guidance produced by the Local Government Association. In response to a question raised, the Director undertook to consider the potential involvement of one of the Council's Independent Persons as part of that process.

RESOLVED:

- (a) That the annual update on the operation of the Members' Code of Conduct for 2021/22 be noted;
- (b) That the Chairman and Spokespersons of the Committee be briefed on an annual basis on member complaints received and decisions taken to provided added assurance in line with up-to-date LGA guidance, and that the Director of Law and Governance consider the involvement of one of the Council's Independent Persons in that process.

12. Proposed Amendments to the Finance Procedure Rules

The Committee considered a report of the Director of Corporate Resources which set out proposed changes to the County Council's Financial Procedure Rules. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

Regarding the proposed addition of Standard Financial Instruction 4 (d) (Revenue – Virement), which would result in member approval no longer being required in specific circumstances, to provide added assurance the Director of Law and Governance undertook

to consider whether in practice this might inadvertently affect delegations to Chief Officers where a particular Lead Member had to be consulted and if so, how that would be managed.

RESOLVED:

- (a) That the proposed amendments to the Financial Procedure Rules as set out in the Appendix attached to the report be approved;
- (b) That the Director of Law and Governance be requested to consider whether the proposed addition of Standard Financial Instruction 4(d) as set out in the Appendix would have any adverse governance implications on delegations to Chief Officers and obligations to consult a specific Lead Member and if so, to ensure this was appropriately managed.

13. 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 2022 (Quarter 1). A copy of the report marked 'Agenda Item 13' is filed with these minutes.

Arising from discussion, the following points were made:

- (i) Members raised concerns that the report was somewhat out of date, particularly in light of the mini budget that had recently been announced by Government. Whilst unavoidable in this instance it was suggested that officers should review the timing of meetings to align better with the end of each quarter where possible. It was noted that meetings had to accommodate a number of different reports that were subject to different timetables and a balance had to be struck.
- (ii) A member questioned whether the Council's continued investment in commercial property through the Corporate Asset Investment Fund (CAIF) was appropriate given pressures on the Council's finances. It was suggested that at the current time, such funds could be better directed to support front line services. Members noted that income generated by the CAIF supported the continued delivery of services and had over the years reduced the level of revenue savings required to be made. However, the Director confirmed that all options were being considered in an attempt to address the Council's current budget gap and any proposals affecting the CAIF or other services would be presented to the relevant scrutiny committee for consideration in the first instance.

RESOLVED:

- (a) That the update now provided regarding treasury management activity during the quarter ending 30 June 2022 be noted;
- (b) That the Director be requested to consider the dates of future planned meetings of the Committee with the aim of ensuring a more timely consideration of future quarterly treasury management reports.

14. Audit General Update

The Committee considered a report of the Director of Corporate Resources, which provided an update on developments in audit. This included information about the 'Internal Audit: Untapped Potential' report following extensive research by CIPFA, the Government's response to a local audit framework: technical consultation, enhancing the functions of local audit and the governance for responding to its findings, and CIPFA's revised guidance on Audit Committees. A copy of the report marked 'Agenda Item 14' is filed with these minutes.

In response to the specific questions raised within Appendix 3 to the report regarding 'Engagement with the Organisation' the Head of Internal Audit Service (HoIAS) confirmed that:

- The Council's Internal Audit Service (IAS) currently received the right level of support and engagement from the Committee though this might need to be reviewed when the new guidance became available;
- On the whole, and taking account of pressures on particular services, teams and individuals, the IAS received good engagement from across the organisation when it planned and conducted audits;
- Managers within the organisation did seek advice and assurance from the IAS;
- At the present time the IAS had adequate resources to undertake its work, it having recently recruited some new officers.

Arising from discussion, the following points were made:

- (i) Noting that the legislation was still awaited which would clarify the number of independent persons required to be appointed by all council audit committees, a member questioned whether it would be better locally to appoint two rather than one in line with recent CIPFA guidance. Members noted that some authorities had struggled to appoint more than one and so for practical purposes this might not be an option. The HoIAS advised that the proposed approach would likely be for the Council's Constitution to be amended to allow for the appointment of *up to* two independent persons which would provide flexibility.
- (ii) Members noted that for some time they could have access to Internal Audit Reports on a confidential basis upon request. The Committee was further assured that Lead Members received copies of relevant audits so there was a good spread of awareness of any key issues arising from these. A member suggested that such reports should be provided on a more formal basis to members of the Committee to enable them to provide added assurance regarding the governance arrangements and financial wellbeing of the Authority.

RESOLVED:

- (a) That the contents of the audit general update report be noted;
- (b) That the HoIAS be requested to consider how best to provide Committee members on a more formal basis, copies of confidential internal audit reports.

15. Dates of future meetings.

RESOLVED:

That future meetings of the Committee be held on:

- 21st November 2022 at 10.00am
- 27th January 2023 at 10.00am
- 26th May 2023 at 2.00pm
- 22nd September 2023 at 10.00am
- 17th November 2023 at 10.00am

10.00am – 11.55am
30 September 2022

CHAIRMAN