Minutes of a meeting of the Corporate Governance Committee held at County Hall, Glenfield on Monday, 16 September 2024.

PRESENT

Mr. T. Barkley CC (in the Chair)

Mr. N. D. Bannister CC	Mr. B. Champion CC
Mr. D. C. Bill MBE CC	Dr. R. K. A. Feltham CC
Mr. G. A. Boulter CC	Mr. T. J. Richardson CC

1. Minutes.

The minutes of the meeting held on 20 May 2024 were taken as read, confirmed and signed.

2. Question Time.

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

3. 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).

4. Urgent Items

There were no urgent items for consideration.

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

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

Mr G. Grimes declared an Other Registerable interest in agenda item 8 (Annual Report on the Operation of the Members' Code of Conduct) as one of the persons proposed for appointment as an independent person to support the Member conduct complaints process.

Mr T. Richardson CC declared a Non Registerable interest in agenda item 12 (Quarterly Treasury Management Report) as he was in receipt of a pension from Lloyds Bank Plc.

6. Presentation of Petitions under Standing Order 35.

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

7. Risk Management Update

The Committee considered a report of the Director of Corporate Resources the purpose of which was to present the Corporate Risk Register for approval and to provide an update on County Fraud initiatives. The Committee also received a presentation on improving flood resilience as part of this item. A copy of the report marked 'Agenda Item 7', and the presentation slides is filed with these minutes.

Arising from discussion, the following points were made:

Presentation – Improving Flood Resilience

(i) The County Council had done a lot to support residents during and after flooding events. It was questioned, however, what efforts were made during the planning application process to proactively seek to prevent flooding in the first instance. It was noted that the County Council was only a consultee to the planning process and only in respect of surface water drainage impacts from major planning applications. It highlighted its concerns where flooding was predicted to be a risk, based on predictive data and data received through enquiries or reports from residents. However, recent floods had been in communities that had never previously been affected. Residents were encouraged to come forward with any information about past flooding to help improve data held by the County Council which could then be used when responding to future applications.

(ii) A Member emphasised that local knowledge about past flooding could be critical, particularly in respect of proposed locations for new developments. However, they commented that local residents objections were often not given adequate weight in the planning process.

(iii) A Member commented that some residents made changes to their properties which was perhaps not helpful in preventing flooding, such as tarmacking driveways and replacing grass with artificial alternatives. It was suggested that this could increase flood water run off. Members noted that it was not known how much flood water run off increased over time once a development had been completed as a result of such individual changes being made. This was not currently monitored by any agency.

(iv) In response to a question, the Director advised that the Council could not seek funding from other agencies for the costs of repairing roads damaged by flood water, even when it was found that their actions or inactions may have caused or contributed to the flood occurring.

(v) The publication of a leaflet which was being shared with residents was commended. This provided very useful information, particularly in terms of where responsibility lay across the different agencies, and who to contact both before, during and after a flood event.

(vi) The Environment Agency (EA) was the strategic lead for flood risk management across the UK and was responsible for major watercourses including reservoirs. The EA had taken the lead across the East Midlands in the response to Storm Henk.

(vii) If a watercourse ran through someone's property they would be responsible for this this as the owner of that land and watercourse. A Member commented that reduced work by the EA on main rivers which had previously helped reduce and/or prevent flooding from local watercourses was having a negative impact on individual properties that had a watercourse running through or near to it.

(viii) A Member raised concern at the increased number of roads and sewers constructed on new developments that were not being built to standard and therefore not being adopted by the County Council or Seven Trent which was having an impact on residents that purchased properties on those new developments. The Director assured members that developers were made aware of the standards required for adoption and the Council could not afford to take responsibility for those not adequately constructed. This would therefore be a private matter for residents, taking appropriate legal advice, with developers, or for district councils as the local planning authorities with enforcement powers if it was shown that the development had not been built in line with planning conditions.

Risk Register

(ix) It was proposed that the presentation provided at the next meeting should focus on risks to the Council relating to recruitment, difficulties faced and the increased use of costly agency staff.

(x) A Member suggested that the biggest risk facing the Council was the lack of Government funding which could result in future years to the issuing of a section 114 notice as had happen in other authorities. It was noted the Council's Medium Term Financial Strategy was closely monitored by the Scruitny Commission and five other departmental related Scruitny bodies.

(xi) A Member questioned what the completion rate was for staff undertaking the fraud awareness e-learning module. The Director undertook to provide this information after the meeting.

RESOLVED:

(a) That the current status of the strategic risks facing the County Council be approved;

(b) That a presentation on the risks relating to recruitment pressures and the costly use of agency staff be provided at the next meeting as part of this item;

(c) That the update regarding counter fraud be noted.

8. Annual Report on the Operation of the Members' Code of Conduct

The Committee considered a report of the Director of Law and Governance the purpose of which was to provide an annual update on the operation of the Members' Code of Conduct in accordance with the decision of the Committee at its meeting on 24 September 2012. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

A Member commented on the high calibre and experience of all applicants for the role of Independent Person. Their commitment to the role, which was voluntary, was to be commended.

RESOLVED:

That the annual update on the operation of the Members' Code of Conduct 2023/24 be noted.

9. Governance Arrangements - External Bodies

The Committee considered a joint report of the Chief Executive, the Director of Corporate Resources and the Director of Law and Governance, the purpose of which was to provide an update on the governance arrangements for external bodies in relation to which the County Council has a key role, including East Midlands Freeport, Eastern Shires Purchasing Organisation, Local Government Pension Scheme (LGPS) and LGPS Central, East Midlands Shared Services, and Active Together. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

The Committee acknowledged that the governance arrangements for the external bodies referred to rarely changed and was in any event captured as part of the Council's Annual Governance Statement which this Committee also considered. It therefore supported the proposed approach to cease future annual reports and that the Committee only be update by exception when significant changes in governance arose. A Member commented that even if governance arrangements were changed, careful consideration should be given as to whether a report was needed and that this should only be when it was able to add value to this process.

RESOLVED:

(a) That the annual update on the governance arrangements of external bodies in relation to which the County Council has a key role be noted;

(b) That it be agreed that future reports be presented by exception when significant changes in the governance arrangements for the bodies detailed in the report were made, taking account of the comments now made.

10. Local Government and Social Care Ombudsman Update Following Consultation on Joint Code of Practice for Complaints

The Committee considered a joint report of the Chief Executive and the Director of Corporate Resources, the purpose of which was to provide an update on the conclusion of consultation undertaken by the Local Government and Social Care Ombudsman on a proposed joint handling code for complaints and to advise the Committee of the key actions required to ensure compliance with the new Code of Practice when implemented. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

A Member commented that is was pleasing to note that the consultation had real merit and that the representations made by many local authorities had been taken into account.

RESOLVED:

That the update now provided be noted.

11. Changes to the Contract Procedure Rules and Financial Procedure Rules

The Committee considered a joint report of the Director of Corporate Resources and the Director of Law and Governance, the purpose of which was to seek the Committee's views on proposed changes to the Council's Finance Procedure Rules and the Contract Procedure Rules, and to request that it recommend to the County Council that these changes be approved at its meeting on 25 September 2025. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

The Chairman advised the Committee that at the end of last week the Council received notice that implementation of the Procurement Act had been delayed to February 2025 and therefore consideration of changes to the Contract Procedure Rules would be deferred pending receipt of further guidance.

A Member highlighted the need for consistency in the use of gender neutral language noting that whilst some references to he/she had been changed, the Rules still included references himself/herself. The Director undertook to address these inconsistencies in the final version to be presented to Council for approval.

RESOLVED:

(a) That the Director be requested to address inconsistencies in the amended Rules relating to the use of gender neutral language;

(b) That, subject to (a) above, the County Council be recommended to approve the amended Financial Procedure Rules attached to the report as Appendix A;

(c) That it be noted that implementation of the Procurement Act had been delayed and that changes to the Contract Procedure Rules would be deferred pending receipt of further guidance.

12. Quarterly Treasury Management Report

The Committee considered a report of the Director of Corporate Resources the purpose of which was to provide an update on the actions taken in respect of treasury management for the quarter ending 30th June 2024 (Quarter 1). A copy of the report marked 'Agenda Item 12' is filed with these minutes.

In response to a Members question, the Director advised that Close Brothers would unlikely come back onto the Council's list of accepted counterparties in the near future given its downgraded position.

RESOLVED:

That the update on action taken in respect of treasury management for the quarter ending 30th June 2024 (Quarter 1).

13. Internal Audit Service - 2024-25 Plan, Progress and Updates

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to introduce the Internal Audit Plan for 2024/25, provide a summary of work undertaken during the period 20 April to 29 August 2024 and report on progress with implementing high importance recommendations as of 29 August 2024. The report also provided an update the ending of the delegation agreement to provide internal audit services to Leicester City Council and a brief introduction to forthcoming changes to the Public Sector Internal Audit Standards. A copy of the report marked 'Agenda Item 13' is filed with these minutes.

Arising from discussion, the following points were made:

(i) The arrangement to provide Leicester City Council's internal audit services could be terminated at any point by either party. The arrangement had worked well for a number of years. However, the City Council now wished to adopt a new approach and so had chosen to bring the arrangement to an end. This would impact staffing arrangements and the Head of Internal Audit Services would be reviewing what future resources would be needed for the team.

(ii) A Member sought and received reassurance that the review of resources would ensure that these continued to meet audit priorities as set out in the Audit Plan for the County Council.

(iii) Consulting Audits related to where advice had been provided to departments on specific issues. Whilst the advice would be regarded as 'concluded' once provided, this would not be 'closed' with the department until the issue had been resolved.

(iv) A Member suggested that some of the references to internal audit work undertaken and included within Appendix 1 was unclear. For example, references to 'Operation Ottowan' and 'Operation Tootle'. The Head of Internal Audit Services explained that these were fraud investigations and it was suggested that these should be referred to as such to make this clear in future reports.

RESOLVED:

(a) That the Internal Audit Annual Plan 2024 – 2025 be approved;

(b) That the updates on progress on work undertaken and the implementation of high importance recommendations be noted;

(c) That the ending of the delegation agreement to provide internal audit services to Leicester City council be noted;

(d) That forthcoming changes to the Public Sector Internal Audit Standards, including the proposal to introduce a Code of Practice for the Governance of Internal Audit in UK Local Government, be noted.

14. Insurance Service Annual Report 2023-24

The Committee considered a report of the Directo of Corporate Resources, the purpose of which was to present the annual report on work conducted by the Insurance Service during the period September 2023 to August 2024. A copy of the report marked 'Agenda Item 14' is filed with these minutes.

A Member queried what the County Council's liability was with regard to the total claims outstanding as this was not clear from the information provided in Appendix 1 attached to the report. It was noted that for public liability and employer liability the Council had an excess of £425,000. The Director undertook to clarify after the meeting the Council's liability against the total claims outstanding liability.

RESOLVED:

That the Insurance Service Annual Report for 2023-24 be noted.

15. East Midlands Shared Service - Internal Audit Work Undertaken by Nottingham City Council

The Committee considered a report of the Director of Corporate Resources the purpose of which was to present the Interim Head of Internal Audit's (Nottingham City Council Internal Audit (NCCIA)) annual report and opinion on work undertaken at East Midlands Share Services (EMSS) for the year 2023-24. The report also provided a progress update against planned internal audit work for the year 2024-25. A copy of the report marked 'Agenda Item 15' is filed with these minutes.

The Chairman welcomed Mrs Parama Datta and Mr Rajeev Dasgupta from NCCIA to the meeting.

In presenting the report, Mr Dasgupta advised the Committee that:

- Council financial pressures and staff shortages had affected the ability of NCCIA completing the 2023/24 audit of EMSS on time.
- Mrs Parama and Mr Dasgupta had recently joined NCCIA and had sought to re-baseline EMSS functions to ensure the next audit for 2024/25 could be delivered on time and in compliance with appropriate standards.
- As staff shortages continued to be an issue, it would not be possible for NCCIA to complete the 2024/25 audit without supplementing its resources. It was therefore tendering for additional support.
- It was intended that the Audit Plan would be delivered in full by the end of the financial year (31st March 2025). All audits would be full audits in line with the Audit Plan. Two would be conducted in November 2024 and January 2025 and others would then commence in January 2025 in time for reporting to the EMSS Joint Committee in March 2025. Payroll would be considered as part of the first tranche of work to begin in November.
- NCCIA had made a commitment at the EMSS Joint Committee meeting held that morning to improve its links with the County Council and to ensure monthly updates were provided to ensure both partners were kept fully informed.

The Chairman commented that the position had been an area of significant concern for the Committee and that the update provided at the previous meeting had not been reassuring. However, he welcomed the information now provided, and in particular the

proposal for officers at NCCIA to work more closely with the County Council and to keep it regularly informed of progress.

Arising from discussion and questions, the following points were made:

(i) A Member expressed concern that delivery of the 2024/25 EMSS Internal Audit Plan would be reliant on further resources which were yet to be secured. In response to questions raised, Mr Dasgupta confirmed that such additional resources had been approved by NCC's Deputy Section 151 Officer and that it was expected that such cost could be accommodated within the Services current budget due to do the number of vacancies carried.

(ii) A Member questioned whether this had also been approved by the Commissioners appointed to NCC by the Secretary of State. Mr Dasgupta reported that whilst not so approved at the current time, it had been made clear that this was an expected cost that needed to be met for NCCIA to deliver its services both for NCC and EMSS.

(iii) Members noted that a review was underway to 'right size' the NCCIA function to ensure it was able to meet both NCC internal audit requirements and those of EMSS. The tender for additional resources would be to support the service as a whole.

The Chairman welcomed and appreciated the honest responses now provided but maintained there was still some degree of uncertainty, particularly regarding the additional resources required to support the 2024/25 audit.

The Chairman moved that a joint letter be sent by him and the Lead Member for Resources, copied to NCC's Audit Committee Chair, Director of Finance and Chief Executive and to the Commissioners, seeking written assurance of the planned approach to deliver the 2024/25 audit on time, to provide monthly updates and to keep in regular contact with County Council officers and in particular regarding the allocation of resources necessary to do this, such resources having been agreed by the Commissioners.

The motion was seconded and carried unanimously.

RESOLVED:

(a) That the Head of Internal Audit (Nottingham City Council Internal Audit (NCCIA)) annual report and opinion for internal audit work undertaken at East Midlands Shared Service (EMSS) for the year 2023-24 be noted;

(b) That the update now provided regarding planned internal audit work at EMSS by NCCIA for the year 2024/25 be noted;

(c) That a joint letter be sent by the Chairman and the Lead Member for Resources, copied to NCC's Audit Committee Chair, Director of Finance and Chief Executive and to the Commissioners, seeking written assurance of the planned approach to deliver the 2024/25 audit on time, to provide monthly updates and to keep in regular contact with County Council officers and in particular regarding the

allocation of resources necessary to do this, such resources having been agreed by the Commissioners.

16. Dates of future meetings.

RESOLVED:

That the future meetings of the Committee be held on:

Friday, 6 December 2024
Friday, 24 January 2025
Monday, 31 March 2025
Monday, 23 June 2025
Friday, 19 September 2025
Monday, 24 November 2025

10.00 am - 12.06 pm
16 September 2024

CHAIRMAN