



*Meeting:* **Constitution Committee**

*Date/Time:* **Tuesday, 21 January 2025 at 11.00 am**

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

*Contact:* **Mrs J Twomey (Tel: 0116 305 2583)**

*Email:* **Joanne.twomey@leics.gov.uk**

### **Membership**

Mr. N. J. Rushton CC (Chairman)

Mr. P. Bedford CC    Mr J. Poland CC  
Mr. L. Breckon JP CC    Mr. R. J. Shepherd CC  
Mr. M. T. Mullaney CC    Mrs D. Taylor CC

### **AGENDA**

<u>Item</u>	<u>Report by</u>	
1. Minutes of the meeting held on 22 November 2024.		(Pages 3 - 4)
2. Question Time.		
3. Questions asked under Standing Order 7(3) and 7(5).		
4. To advise of any other items which the Chairman has decided to take as urgent.		
5. Declarations of interest.		
6. Annual Governance Statement 2023-2024	Chief Executive and Director of Corporate Resources	(Pages 5 - 32)
7. Co-opted Members Protocols		(Pages 33 - 46)



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



Minutes of a meeting of the Constitution Committee held at County Hall, Glenfield on Friday, 22 November 2024.

PRESENT

Mrs D. Taylor CC (in the Chair)

Mr. R. Ashman CC  
Mr. P. Bedford CC  
Mr. L. Breckon JP CC

Mr. M. T. Mullaney CC  
Mr J. Poland CC  
Mrs H. L. Richardson CC

17. Minutes

The minutes of the meeting held on 13 September 2024 were taken as read, confirmed and signed.

18. Question Time.

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

19. Questions asked 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).

20. Urgent Items

There were no urgent items for consideration.

21. 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.

No declarations were made.

22. Review and Revision of the Constitution.

The Committee considered a report of the Chief Executive the purpose of which was to set out changes proposed to be made to the Council's Constitution as part of this year's annual review. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

Members commented that the proposed changes to Standing Orders would be helpful to ensure proper officer advice could be received in respect of amendments to motions and that the timescales being imposed as part of this process would not hinder the

democratic process.

The Committee supported proposals to carry out a full review of the Constitution which it was agreed would be timely and welcomed the involvement of elected members in this process.

RESOLVED:

- (a) That the County Council be recommended to approve the proposed changes to the Constitution as set out in the Appendix attached to this report;
- (b) That a politically balanced task and finish group be established to undertake a full review of the Constitution.

23. Charitable Trust Future Arrangements.

The Committee sitting as Trustee considered a report of the Director of Law and Governance the purpose of which was to seek approval to a variation being made to the approved Grants Policy to enable the officer panel to determine individual applications from students below a proposed threshold. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

RESOLVED:

That the amendment to the Grants Policy as set out in paragraph 10 of the report be approved.

1.00pm – 1.20pm  
22 November 2024

CHAIRMAN



## **CONSTITUTION COMMITTEE – 21 JANUARY 2025**

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

#### **ANNUAL GOVERNANCE STATEMENT 2023-24**

##### **Purpose of the Report**

1. The purpose of this report is to:
  - (a) Outline the background and approach taken to produce the County Council's 2023-24 Annual Governance Statement (AGS)
  - (b) Present the AGS for approval by the Constitution Committee (the Committee) prior to sign off by the Chief Executive and Leader of the Council.

##### **Background**

2. Regulation 6 of the Accounts and Audit Regulations 2015 states that each financial year a local authority must: -
  - (a) conduct a review of the effectiveness of its system of internal control and prepare an annual governance statement
  - (b) consider the findings of the review by a committee which should approve the annual governance statement
  - (c) ensure the annual governance statement, is: -
    - approved in advance of the authority approving the statement of accounts; and
    - prepared in accordance with proper practices in relation to accounts
3. 'Delivering Good Governance in Local Government: Framework' by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives & Senior Managers (SOLACE) (2016)<sup>1</sup> contains seven principles which set standards for local authority governance in the UK. The preparation and publication of an AGS in accordance with the Framework fulfils the statutory requirement.

<sup>1</sup> In mid-January 2025, CIPFA is due to publish a consultation on the Addendum to the 2016 Governance Framework covering the annual review of governance and the annual governance statement.

4. The AGS is an important requirement which enhances public reporting of governance matters. In essence, it is an accountability statement from each local government body to stakeholders on how well it has delivered on governance over the course of the previous year.
5. For the financial year being reported, the AGS encompasses the governance systems applied in both the Council itself, and any significant commercial and collaborative arrangements e.g. ESPO, East Midlands Shared Services (EMSS) that the Council is involved in, to provide a fuller picture including assurances.
6. The Code of Practice on Local Authority Accounting in the UK 2023-24 states that the AGS should relate to the governance system as it applied to the financial year for the accounts that it accompanies. However, significant events or developments relating to the governance system that occur between the Balance Sheet date, (31 March) and the date on which the Statement of Accounts is signed by the responsible financial officer should also be reported if pertinent to the prior year.
7. Draft versions of the AGS have been considered by the Corporate Governance Committee. However, within the County Council's Constitution (updated December 2024), at Part 3 - Responsibility for functions, under Section B: Responsibility for "County Council" functions, the Constitution Committee has a function to approve the County Council's final Annual Governance Statement. This is attached as Appendix A.
8. The AGS will accompany the audited Statement of Accounts for 2023-24 which are scheduled to be approved by the Corporate Governance Committee at its meeting on 24 January 2025.

### **Approach**

9. The Public Sector Internal Audit Standards (PSIAS) allows the Head of Internal Audit and Assurance Service to assist management in drafting the AGS. The process followed as explained below, has not changed significantly from the previous year.
10. The review of the effectiveness of the County Council's system of internal control and overall corporate governance arrangements requires the sources of assurance, which the Council relies on, to be brought together and reviewed, from both a departmental and corporate view.
11. The CIPFA/SOLACE Framework (the Framework) requires local authorities to review arrangements against their Local Code of Corporate Governance. The Council's Local Code was revised in April 2022 and is scheduled to be reviewed and updated in 2025. Changes in legislation may also require the Code to be reviewed.
12. To ensure the AGS represents an accurate picture of the governance arrangements for the whole Council, each Director was required to complete a 'self-assessment' designed to provide details of the measures in place (systems, process, documents etc.) within their departments

during the financial year 2023-24, to ensure conformance (or otherwise) to the Framework. The self-assessment also allowed for the recognition and recording of areas where developments are required.

13. The departmental self-assessments required a corresponding score to be given reflecting the department's positions regarding practice, standards and quality. This is a gauge of effectiveness. The application of a quantitative approach to assessing compliance against the seven principles contained in the Framework allows the Committee and public at large to obtain necessary assurance that the Council operates within an adequate internal control environment.
14. A Corporate Assurance Statement was also completed to gain an overall organisational perspective of processes in place. This statement also allowed for the recognition and recording of areas where developments were required.
15. The completed statements were analysed along with various other sources of evidence to determine whether there were any significant governance issues (see below) that should be reported in the AGS. Other sources include: -
  - a. Reports provided by internal and external audit and other assurance sources and the implications of these reports for the overall governance of the Council.
  - b. The Head of Internal Audit Service's annual opinion on the overall adequacy and effectiveness of the Authority's control environment (its framework of governance, risk management and internal control arrangements).
  - c. Evaluation of any negative media articles.

### **Outcome of the 2023-24 review of the Governance Framework**

16. Sections 1 to 4 of the AGS provide background. Section 5 explains that the AGS has been considered by a Senior Officer Group comprising of:
  - Director of Law and Governance (the Council's Statutory Monitoring Officer)
  - Director of Corporate Resources (the Council's Statutory Chief Financial Officer)
  - Head of Democratic Services
  - Assistant Chief Executive
  - Assistant Directors – Finance & Commissioning and Corporate Services
  - Head of Internal Audit and Assurance Service
17. Section 6 provides details of the forms of assurance considered. It introduces the control environment of the County Council before expanding into the wider commercial and collaborative bodies governance arrangements.

18. The County Council has defined 'Significant Governance Issues' (SGI) as those that:

- a. Seriously prejudice or prevent achievement of a principal objective of the authority;
- b. Have resulted in the need to seek additional funding to allow it to be resolved, or has resulted in the significant diversion of resources from another aspect of the business;
- c. Have led to a material impact on the accounts;
- d. The Corporate Governance Committee advises should be considered as a significant issue for reporting in the AGS;
- e. The Head of Internal Audit Service reports on as significant in the annual opinion on the internal control environment.
- f. Have attracted significant public interest or have seriously damaged the reputation of the organisation.
- g. Have resulted in formal action being undertaken by the Chief Financial Officer and/or the Monitoring Officer;
- h. The issue has resulted in a legal breach or prompts intervention from a regulator.

19. Section 7 provides an update on 'Action Taken on Governance Issues Previously Reported in the 2022-23 AGS'. Of the four previously reported:

- 
- (a) Firs Farm and School Admissions were both closed in May 2024
- (b) Early Years deficit has been closed in January 2025. Update January 2025 - Original Internal Audit Service recommendations have been addressed.
- (c) SEN Budget Deficit and OfSTED revisit. Update January 2025 - Following a further improvement recommendation in the Auditor's Annual Report 2023-24, the DSG element of the issue remains open. However, the EHCP element has been closed as this is a nationwide issue

20. Section 8 provides details on two Significant Governance Issues Arising During 2023-24: -

- (a) Environment & Transport Department – Update January 2025 – the Department has reported good progress against implementing actions. Internal Audit Service will review and confirm the position in January and whether the governance arrangements are appropriate.
- (b) Capital Programme – Update January 2025 - Lessons learned from large capital schemes is being used to inform the way future tenders are completed. There are continual actions underway to monitor and improve the risk.

Whilst January updates have been provided, three SGIs remain 'open' at the time of this report. They will be re-considered during the compilation of the draft 2024-25 AGS.

21. Section 9 contains what the Senior Officer Group determined as Future Challenges. These will be subject to scrutiny through existing reporting channels.



22. Section 10 explains that approval and ownership of the AGS has been reflected at corporate level and the statement will be signed on behalf of the Council by the Chief Executive and Leader of the Council and published on the County Council's website. The overall opinion is that the Council is satisfied that appropriate governance arrangements are in place and continue to be regarded as fit for purpose.
23. The Annex provides an overview of accumulated responses to departmental and corporate self-assessments against the seven principles. Each accumulated response is 'good' meaning that conformance against most of the areas of the benchmark is good, although there may be minor developments required but with a limited impact on the ability to achieve departmental and Council objectives. Strategic, reputational and/or financial risks are minor, and performance is generally on track.

### **Recommendations**

24. The Committee is requested to: -
- a. Approve the 2023-24 AGS
  - b. Approve that the Director of Corporate Resources be authorised to update the AGS as necessary to align with the finalised Statement of Accounts for the County Council and the Pension Fund (yet to be approved), noting that such changes will be reported to the Corporate Governance Committee and the Leader as appropriate.

### **Resource Implications**

25. None.

### **Equality and Human Rights Implications**

26. None.

### **Background Papers**

Accounts and Audit Regulations 2015

CIPFA/SOLACE: Delivering Good Governance in Local Government: Framework (2016)

Report to Corporate Governance Committee 20 May 2024, 'Provisional Draft Annual Governance Statement 2023-24

<https://democracy.leics.gov.uk/documents/s182693/cover%20report%20-%20Provisional%20Draft%20Annual%20Governance%20Statement%202023-24.pdf>

<https://democracy.leics.gov.uk/documents/s182704/Appendix%20A%20-%20Provisional%20Draft%20Annual%20Governance%20Statement%202023-24.pdf>

Draft Statement of Accounts, Annual Governance Statement and Pension Fund Accounts 2023/24

<https://www.leicestershire.gov.uk/sites/default/files/2024-06/2023-24-Draft-Statement-of-Accounts-Annual-Governance-Statement-and-Pension-Fund-Accounts.pdf>

### **Circulation Under the Local Issues Alert procedure**

None

### **Officers to Contact**

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### **List of Appendices**

Appendix A - Annual Governance Statement 2023-24

## **Annual Governance Statement (AGS) 2023-24**

### **1. Introduction**

Leicestershire County Council (the Council) is responsible for ensuring that its business is conducted in accordance with prevailing legislation, regulation and government guidance and that proper standards of stewardship, conduct, probity, and professional competence are set and adhered to by all those representing and working for and with the Council. This ensures that the services provided to the people of Leicestershire are properly administered and delivered economically, efficiently, and effectively. In discharging this responsibility, the Council must have in place a solid foundation of good governance and sound financial management.

Regulations 6 (1) (a) and (b) of the Accounts and Audit Regulations 2015 require each English local authority to conduct a review, at least once a year, of the effectiveness of its system of internal control and approve an annual governance statement (AGS), prepared in accordance with proper practices in relation to internal control. The preparation and publication of an AGS, in accordance with the CIPFA/SOLACE 'Delivering Good Governance in Local Government: Framework' (2016), fulfils the statutory requirement of the Accounts and Audit Regulations. The AGS encompasses the governance system that applied in both the Authority and any significant group entities (e.g. ESPO, EMSS) during the financial year being reported.

The AGS 2023-24 will be published with the Statement of Accounts 2023-24.

### **2. What is Corporate Governance?**

Corporate Governance is defined as how organisations ensure that they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner. The Council's governance framework comprises the systems and processes, cultures, and values by which the Council is directed and controlled. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The Chartered Institute of Public Finance and Accountancy (CIPFA) 'Delivering Good Governance in Local Government; Framework (2016)' sets the standard for local authority governance in the UK and the Council is committed to the principles of good corporate governance contained in the Framework. The seven principles (A-G) are listed in the Annex. Each principle scored 'Good' meaning conformance against most of the areas of the benchmark is good, although there may be minor developments required but with a limited impact on the ability to achieve departmental and Council objectives. Strategic, reputational and/or financial risks are minor, and performance is generally on track.

The Council has developed, adopted, and continued to maintain a Local Code of Corporate Governance which sets out the way the Council meets the principles outlined in the Framework. [The Code can be found on the LCC internet.](#)

### 3. Leicestershire's Vision and Outcomes

The County Council's Annual Delivery Report and Performance Compendium 2023 is part of the Council's policy framework and, as such, required the approval of the full County Council at its meeting on 6 December 2023. The documents provide performance data which will help the Council and its partners to ensure services continue to meet standards, provide value for money and that outcomes are being achieved for local people. It is best practice in performance management, and part of the Council's Internal Governance Framework, to undertake a review of overall progress at the end of the year and to benchmark performance against comparable authorities. It is also good practice to produce an annual performance report and ensure that it is scrutinised, transparent, and made publicly available.

The Annual Delivery Report described delivery, progress with implementing agreed plans and strategies, and achievements over the previous 12 months. It largely focused on performance against County Council priorities for community outcomes as set out in its Strategic Plan 2022-26 and other main service strategies. The Report also included information on the financial sustainability and the emergent implications for service demand and outcomes. [The Performance Compendium](#) outlined the inequity in national funding and the Council's Fair Funding proposals, transformation requirements and national and local service pressures, as well as detailed comparative performance metrics.

The Strategic Plan (2022-26), approved by the County Council on 18 May 2022, provides an important strategic planning framework for the Council which aims to ensure that all service plans and strategies contribute to delivery of the Council's vision for Leicestershire. It has the following five priority outcome themes: -

<b>Our Vision:</b> <b>An inclusive county in which active communities, great connections and greener living enables everyone to prosper, be happy and healthy.</b>				
<b>Strong Economy, Transport &amp; Infrastructure</b>	<b>Improved Opportunities</b>	<b>Safe &amp; Well</b>	<b>Great Communities</b>	<b>Clean &amp; Green</b>
Use local innovation and skills to build a productive, inclusive and sustainable economy at the cutting edge of science, technology and engineering.	All children and young people get the best start for life and have the opportunities they need to fulfil their potential, regardless of their circumstances.	Ensuring that people are safe and protected from harm, live in a healthy environment and have the opportunities and support they need to live active, independent and fulfilling lives.	Leicestershire to have active and inclusive communities in which people support each other and participate in service design and delivery.	The need to protect and enhance the environment and tackle climate change.

### 4. What the Annual Governance Statement Tells You

The AGS reports on the extent to which the Council has met the requirements of the Local Code of Corporate Governance and the controls it has in place to manage<sup>1</sup> risks of failure in delivering its outcomes. The main aim of the AGS is to provide the reader with confidence that the Council has an effective system of internal control that manages risks to a reasonable level.

The 2023-24 AGS has been constructed by undertaking: -

- A review of the effectiveness of the Council's system of internal control
- Reviewing other forms of assurance
- Action taken on significant governance issues reported in the 2022-23 AGS

<sup>1</sup> It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

- A consideration of any significant governance issues arising during 2023-24
- Future challenges
- Action to Develop Areas Further

## 5. Review of Effectiveness of the System of Internal Control

To ensure the 2023-24 AGS presents an accurate picture of governance arrangements for the whole Council, each Director was required to complete a 'self-assessment', which provided details of the measures in place within their department to ensure conformance (or otherwise) with the seven core principles of the Local Code of Corporate Governance. Responses were accumulated to provide a high level overview found in the Annex.

A senior officers group met on 8 May 2024 to review the compilation of the AGS. The group comprises

- Director of Law & Governance (the Council's Statutory Monitoring Officer)
- Director of Corporate Resources (the Council's Statutory Chief Financial Officer)
- Head of Democratic Services
- Assistant Chief Executive
- Assistant Director – Finance & Commissioning
- Assistant Director – Corporate Services
- Head of Internal Audit & Assurance Service

The group has determined that progressing areas identified for development, should be the responsibility of designated Directors and Heads of Service during 2024-25. A review of progressing the implementation of previous years planned developments will be undertaken. Any previous year's developments that were not carried forward into 2023-24 or reported through the Corporate Risk Register process will continue to be monitored.

## 6. Forms of Assurance

The Framework provides examples of policies, systems, and processes that an authority should have in place. Using this guidance, the Council can provide assurance that it has effective governance arrangements. The Council has an approved Local Code of Corporate Governance, and this provides examples of good governance in practice.

### The Control Environment of Leicestershire County Council

The Council's Constitution includes Finance and Contract Procedure Rules, a general Scheme of Delegation to Chief Officers. These translate into key operational internal controls such as: control of access to systems, offices, and assets; segregation of duties; reconciliation of records and accounts; decisions and transactions authorised by nominated officers; and production of suitable financial and operational management information. These controls demonstrate governance structures in place throughout the Council.

### Internal Audit Service

The Council's Head of Internal Audit & Assurance Service (HoIAS) ensures that internal audit arrangements conform to the requirements of the Public Sector Internal Audit Standards (the PSIAS) revised in 2017. The PSIAS require an external quality assessment (EQA) every 5 years. An EQA was undertaken in early Spring 2024 and the Assessor concluded that, 'The Leicestershire County Council internal audit service is delivering to a standard that generally conforms with the Public Sector Internal Audit Standards'. This is the top rating. The HoIAS also conforms to the governance requirements and core responsibilities of the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2019).

The HoIAS works with the Corporate Management Team to give advice and promote good governance throughout the organisation. The HoIAS leads and directs the Internal Audit Service (IAS) so that it makes a full contribution to and meets the needs of the Authority and external stakeholders, escalating any concerns and giving assurance on the Council's control environment.

There is an Internal Audit Charter (revised January 2024) mandating the purpose, authority, and responsibility of the internal audit activity. The Charter allows the HoIAS to also be responsible for the administration and development of, and reporting on, the Council's risk management framework. Whilst this does present a

potential impairment to independence and objectivity, the HoIAS arranges for any reviews to be overseen by someone outside of the internal audit activity. An independent risk management maturity health check was undertaken during the autumn of 2018 and good progress continues to be made against the recommendations. The next review is planned in the autumn of 2024.

To meet a PSIAS requirement to form an opinion on the overall adequacy and effectiveness of the Council's control environment i.e. its framework of governance, risk management and control, the HoIAS arranges a risk-based plan of audits.

Internal Audit reports often contain recommendations for improvements. The number, type and importance of recommendations determines how the auditor reaches an opinion on the level of assurance that can be given that controls are both suitably designed and are being consistently applied, and that material risks will likely not arise. The combined assessment of individual audit opinions and other assurances gained throughout the year (e.g. involvement in governance groups, attendance at Committees, evaluations of other external assurance provided), facilitate the HoIAS in forming the annual internal audit opinion on the overall adequacy and effectiveness of the Council's control environment. The HoIAS presented his annual report to Corporate Governance Committee on 20 May 2024 and his opinion read: -

LCCIAS' staffing resource was at its strongest for several years, and overall non-productive time (including sickness) was lower. The HoIAS considers there was sufficient input across the control environment to be able to give a full opinion. Assurance was supplemented by good relationships with senior management and transparency over reporting significant governance issues in the provisional draft Annual Governance Statement and providing detailed updates to risk positions in the Corporate Risk Register. Ten audits (eight of which related to maintained primary schools potentially incurring deficit budget positions) either contained high importance (HI) recommendations or a partial assurance rating and were reported in summary to Committee during the year. There was an increase in the number of reactive investigations which LCCIAS either supported/advised on or led (doubled from 13 to 26). However, as was the case with HI recommendations/partial assurance ratings, management accepted and responded to recommendations following investigations. The position with Nottingham City Internal Audit proposing to significantly reduce its internal audit coverage of EMSS main financial systems is a concern and will need to be closely monitored.

Reasonable assurance is given that the Council's control environment has remained overall adequate and effective.

## Risk Management

The Corporate Governance Committee has a responsibility to ensure that an effective risk management system is in place. Risk management is about identifying and managing risks effectively, helping to improve performance and aid decision making relating to the development of services and the transformation of the wider organisation. Regular reports and presentations on specific strategic and corporate risks to the Council are provided to the Corporate Governance Committee.

The Council's Risk Management Policy and Strategy (which provide the framework within which risks can be managed) were reviewed, revised, and approved by the County Council in February 2024. An independent review of framework has been delayed until the autumn once the Council's insurances have been re-procured.

## Overview and Scrutiny

The cross-party overview and scrutiny function monitors the County Council's financial performance and performance against targets in the Strategic Plan and other related plans on a regular basis. This work is carried out by the Scrutiny Commission and five Overview and Scrutiny Committees which each has responsibility for scrutiny of a particular service area of the Council.

The challenge provided by the overview and scrutiny function has continued to be crucial in shaping Council policy and helping to ensure the delivery of efficient, high-quality services. An annual report which summarises the work undertaken during 2023-24 will be County Council on 10 July 2024.

## Corporate Governance Committee

The Corporate Governance Committee is responsible for promoting and maintaining high standards of corporate governance within the Council and receives reports and presentations that deal with issues that are paramount to good governance.

With regard to the promotion and maintenance of high standards of conduct by members and co-opted members within the County Council, the decisions and minutes of the Member Conduct Panel which meets as required are available on the internet.

The Monitoring Officer submits an annual report to the Corporate Governance Committee on the operation of the Members' Code of Conduct and arrangements for dealing with complaints.

Since July 2022 there have been seven complaints (relating to six members) received by the Monitoring Officer under the Members' Code of Conduct. These complaints were resolved as set out below:

- 1 complaint withdrawn / not progressed by complainant;
- 5 (2 in relation to one member from the same complainant) complaints outside of the scope of the Code i.e. relating to the activities of member in their private capacity
- 1 complaint resolved informally;

During 2023-24 the Committee has provided assurance that: an adequate risk management framework is in place; the Council's performance is properly monitored; and that there is proper oversight of the financial reporting processes.

An inaugural annual report which summarises the key business considered by the Committee during 2023-24 was presented at the meeting on 20 May 2024 and will be presented to County Council on 10 July 2024.

In accordance with CIPFA best practice guidance and following the approval of the County Council in July 2023, two Independent Members were appointed to the Committee, the first meeting attended being that held on 22 September 2023. Independent members are non-elected representatives and as such do not have voting rights but are part of the Committee in an advisory and consultative capacity.

In January 2024, the Committee undertook a self-assessment of good practice against the revised CIPFA Guidance on Audit Committees. The self-assessment provided a high-level review that incorporated the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022. The results showed a high degree of performance against the good practice principles and is an indicator that the Committee is soundly based and has in place a knowledgeable membership. These are essential factors in developing an effective audit committee. The self-assessment will be used to support the planning of the Committee's work plan and training plans during 2024-25.

## The Chief Financial Officer (CFO)

The Director of Corporate Resources undertakes the statutory role of the Chief Financial Officer (CFO) for the Council. The CFO conforms to the governance requirements and core responsibilities of two CIPFA Statements on the Role of the Chief Financial Officer; in Local Government (2016) and in the Local Government Pension Scheme (2014). The CFO is a key member of the Corporate Management Team and is able to bring influence to bear on all material business decisions, ensuring that immediate and long-term implications, opportunities, and risks, are fully considered and in alignment with the MTFS and other corporate strategies. The CFO is aware of, and committed to, the five key principles that underpin the role of the CFO and has completed an assurance statement that provides evidence against core activities which strengthen governance and financial management across the Council.

## The Financial Management Code

The CIPFA Financial Management Code translates the principles of good financial management into seven Financial Management Standards. These standards address the aspects of an authority's operations and activities that must function effectively if financial management is to be undertaken robustly and financial sustainability is to be achieved.

In January 2024, the Council completed an updated self-assessment of its compliance with the requirements of the Financial Management Code for 2022-23. The assessment showed that the County Council met the requirements of the Code with some small improvements required. The Internal Audit Service undertook a high-level review of the self-assessment against the Code, and a copy of the assessment was reported to the

Corporate Governance Committee in January 2024. An action plan tracker has been devised and is being monitored by the HoIAS and Head of Finance.

## Local (External) Audit

The Council's local (external) auditors, Grant Thornton LLP, presented the interim findings from their planned audit work 2022-23 to 'those charged with governance' at the Corporate Governance Committee on 26 January 2024.

## The Auditor's Annual Report (AAR)

The Auditor's Annual Report (AAR) is a detailed review of the value for money (VfM) arrangements at the Council. The report covered five areas. These were financial sustainability; governance; improving economy, efficiency, and effectiveness and the opinion on the financial statements. Overall, the auditor's report was positive. The external auditor concluded that the Council has a good track record of sound financial management, had strong arrangements in place to manage the financial resilience risks, has a clear and documented governance framework in place that ensures all relevant information is provided and challenged before all major decisions are made. No significant weaknesses were reported. Twelve improvement recommendations were made. An action plan tracker has been devised and is being monitored by the HoIAS. Some recommendations have been implemented.

## Opinion on the Financial Statements

The auditor gave an 'unqualified' opinion on the 2022/23 financial statements for the County Council and its Pension Fund on 20 May 2024 meaning that the external auditor is satisfied that the financial statements present a true and fair view.

## Annual Audit Plan for the 2023/24 Accounts

Informing the Audit Risk Assessment and Audit Plan was reported to Corporate Governance Committee at its meeting on 20 May 2024.

## The Monitoring Officer

The Director of Law & Governance undertakes the statutory role of Monitoring Officer (MO) for the Council. The MO has responsibility for:

- ensuring that decisions taken comply with all necessary statutory requirements and are lawful. Where in the opinion of the MO any decision or proposal is likely to be unlawful and lead to maladministration, he/she shall advise the Council and/or Executive accordingly,
- ensuring that decisions taken are in accordance with the Council's budget and its Policy Framework,
- providing advice on the scope of powers and authority to take decisions.

In discharging this role, the MO is supported by the Deputy Monitoring Officer and officers within the Legal and Democratic Services Teams.

## Senior Information Risk Owner

The Assistant Director - Corporate Services undertakes the role of Senior Information Risk Owner (SIRO) for the Council. The SIRO takes overall ownership of the Council's approach to handling information risk. Sound governance is in place, with regular update and exception reports to the Corporate Management Team. The responsibilities of a SIRO include:

- owning the Council's policies, procedures, and processes around information risk, ensuring they are implemented consistently across the Council.
- ensuring compliance with all other policies and procedures relating to information and data.
- acting as a champion on information risk and report to Chief Officers on the effectiveness of risk management.
- leading and fostering a culture that values, protects, and uses information for the success of the Council and benefit of our citizens.
- ensuring that information owners understand their roles.
- ensuring that the Council has a plan to monitor and improve information and data governance.



- maintaining expertise in Data Protection and other legislation that impact on Information and Data Governance; and
- owning the Council's information incident management framework

## Commercial and Collaborative Bodies Governance Arrangements

### Commercial

**ESPO** is constituted as a joint committee (of six local authorities) set up to provide a comprehensive professional purchasing service to public sector bodies. It is overseen by a Management Committee which has overall strategic responsibility for ESPO. At its meeting on 22 March 2023, the Committee approved changes to the Finance and Audit Subcommittee (the Subcommittee) Terms of Reference, and the Risk Management Policy which provided delegated powers over Internal Audit, External Audit, Risk Management, and the Annual Governance Statement. Internal audit is undertaken by the Council's Internal Audit & Assurance Service as part of the servicing agreement. Like the County Council, the HoIAS presents an annual report to the Subcommittee at its meeting in October. At the time of publishing this provisional draft AGS the annual internal audit opinion for 2023-24 has not been written.

**ESPO Trading Ltd** ESPO's power to trade is restricted to a limited number of public bodies. The establishment of a trading company allows ESPO (Trading) to trade with other organisations – e.g. Care Homes, Nurseries, Housing Associations, Charities and Voluntary Organisations. The Trading is governed under the Companies Act 2006, its Articles of Association and Shareholder Agreement.

**Eduzone** is a private limited company that supplies Early Years educational products and Early Years furniture to schools, nurseries, and child minders. ESPO acquired the company following the necessary due diligence in 2018. Eduzone has now been incorporated into ESPO Trading Limited.

The **Investing in Leicestershire Programme (IILP)** [formerly the Corporate Asset Investment Fund (CAIF) Strategy 2022/2026] guides the Council's investments in assets not directly used for the delivery of its services, but which contribute to the outcomes of the Council's Strategic Plan and financial return. The Strategy requires reporting to various member bodies. Reporting on the financial performance is included in the budget monitoring reports on a quarterly basis. The IILP Annual Performance Report for 2022-23 was received by the Scrutiny Commission on 6 September 2023. The IILP Strategy has been revised to be compliant with the updated CIPFA Code from 2023-24. In light of the CIPFA Code, the County Council will continue to ensure that it will only undertake investments where they are directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose. This includes service delivery, housing, and regeneration of areas, which addresses areas of economic or social market failure and should only be made within the Council's area of economic influence. Renewable energy generation is also included as a reduction in carbon emissions is a stated aim of the County Council as part of its Declaration of a Climate emergency in May 2019.

The Council also has a traded service **Leicestershire Traded Services (LTS)**, which sits within the Corporate Resources Department. The quarterly financial and performance reports include the performance of the LTS as part of the Corporate Resources Department and these reports are considered by various member bodies. The Annual Report on the Commercial Strategy 2022-23 and Traded Services Strategy 2023-28 was received by the Cabinet on 23 June 2023.

### Collaborative

#### East Midlands Shared Service (EMSS)

EMSS is constituted under Joint Committee arrangements to process payroll/HR and accounts payable and accounts receivable transactions for Leicestershire County Council and Nottingham City Council. The internal audit of EMSS is undertaken by Nottingham City Council.

At the Joint Committee on 18 March 2024, it was reported that, 'On the basis of audit work undertaken during the 2022-23 financial year, the Head of Internal Audit (HoIAS) at Nottingham City Council concludes that a "limited" level of assurance can be given that internal control systems are operating effectively within EMSS and

that no significant issues had been discovered. Whilst the direction of travel for the four audits, from 2021/22 to 22/23 has varied, the overall movement over the year is not sufficient to warrant a “moderate” level of assurance. That said, we would fully expect the opinion to improve for 2023/24’.

The HoIAS at Nottingham City Council reported the 2022-23 opinion and provided an update on 2023-24 audits to Corporate Governance Committee on 20 May 2024. After some delays, the Interim Head of Internal Audit at NCCIA presented their 2023-24 annual report and opinion on EMSS to the Corporate Governance Committee on 16 September 2024. It concluded that a “moderate” level of assurance can be given regarding the operating effectiveness of the internal control systems reviewed at EMSS, and that no significant issues have come to light through the audit procedures performed.

Resourcing of NCCIA is a major concern with delays in completing the 2023/24 audit and initially reduced capacity to resource the 2024/25 plan. The Chair of Corporate Governance Committee wrote to the Chair of Nottingham City Council Audit Committee raising these concerns and asked them to raise the issues with officers and take any mitigating action required to ensure an adequate Internal Audit service is provided for EMSS that both complies with regulations and provides adequate assurance. The outcome was that NCCIA resources were re-prioritised and the four audits were scheduled to be completed by the end of January (albeit one has since slipped to the middle of February).

The situation will continue to be closely monitored.

The position with Nottingham City Council issuing a s114 notice and the appointment of Government Commissioners is being monitored.

### **Local Pension Fund**

Leicestershire County Council is a scheme manager as defined under the Public Service Pensions Act 2013 and any associated legislation). The County Council has delegated the responsibility for decisions relating to the investment of the Fund’s assets to the Local Pension Committee. Membership consists of Councillors from the County, City and District Council together with one university representative and non-voting employee representatives.

The Local Pension Committee’s principle aim is to consider pensions matters with a view to safeguarding the interests of all Fund members. The Members who sit on the Committee act on behalf of the beneficiaries of the LGPS and in this way have a similar role to trustees in primarily protecting the benefits of the LGPS members, overseeing the direction of investments and monitoring liabilities.

On 3 March 2023, the Local Pension Committee approved a Net Zero Climate Strategy.

The Local Pension Committee considered and revised its Terms of Reference at its meeting in March 2024.

The Local Government Pension Scheme (LGPS) Regulations require that Leicestershire County Council in its capacity as Administering Authority establishes a Local Pension Board. The purpose of the Board is to assist the Authority in securing compliance with the Regulations, other legislation relating to the governance and administration of the LGPS, the requirements imposed by the Pension Regulator in relation to the LGPS and to ensure the effective and efficient governance and administration of the LGPS.

The Local Pension Board comprises of employer representatives who are all elected members from the County Council and Leicester City Council and employee representatives. The Administering Authority retains ultimate responsibility for the administration and governance of the Scheme.

### **Local Government Pension Scheme (LGPS) - Central Pool**

The LGPS Central pooled investment arrangements became operational on 1 April 2018. A range of collaborative governance vehicles has been established.

The Council is joint owner of LGPS Central Limited which manages the pooled assets of eight Midlands-based local government pension schemes, including Leicestershire. LGPS Central Limited is authorised and regulated by the Financial Conduct Authority as an asset manager and operator of alternative investment funds. It has combined assets of approximately £56bn which represents the assets of over 2,000 employing bodies which help to pay for the costs of pensions when they become payable.

The Company aims to use the combined buying power of its Partner Funds to reduce costs, improve investment returns and widen the range of available asset classes for investment for the benefit of local government pensioners, employees, and employers.

In May 2023, the Chief Executive Officer resigned. The, then Deputy CEO is acting as the Interim CEO while the Board appointed a new permanent successor. The process to select a permanent successor is complete and the appointment is due to start in Summer 2024. Member representatives of each of the funds sit on the LGPS Central Joint Committee which provides oversight of the delivery of the objectives of the pool, the delivery of client service, the delivery against the LGPS central business case and to deal with common investor issues. The joint committee provides assistance, guidance, and recommendations to the individual councils, taking into consideration the conflicting demands and interests of the participants within the pool. The joint committee does not have delegated authority to make binding decisions on behalf of the participating councils.

### **Pensions internal audit arrangements**

The HoIAS provided an annual update on Internal Audit arrangements to the Council's Local Pension Board in April 2024. This included a summary of work completed during 2023/2024 and work planned for 2024/2025. The internal audit functions of the eight LGPS owners have formed an Internal Audit Working Group (IAWG). The first four-year programme of audit work has now been completed and the plan has been refreshed for a further four years which covers 2023/24 to 2027/28. The 2023/24 audits were assigned to colleagues at West Midlands (Governance), and Staffordshire County Council (Investments).

### **Active Together**

The Director of Public Health represents the Council and is an advisor to the Active Together Board of non-executive directors. There are defined terms of reference which set out the governance arrangements and key tasks of the Board. Underneath the Board is a number of subgroups (drawn from the Board and co-opted others) to provide additional scrutiny of areas of the business.

One of those sub-groups in the 'Business, Oversight and Audit' Committee which oversees business planning, financial and risk reporting, and reports to the Board quarterly. The Assistant Director - Delivery in Public Health is a member of this committee.

### **Leicester and Leicestershire Enterprise Partnership (LLEP)**

The LLEP is a private company limited by guarantee (Company No: 11932434).

Local Enterprise Partnerships (LEPs) are non-statutory bodies and as such require an Accountable Body to manage funding from Government. Leicester City Council has been Accountable Body for the LLEP.

The Accountable Body, through its Section 151 Officer, is responsible for ensuring that statutory requirements are met in resource allocation decisions and that the public interest is protected. It provides financial and legal support and takes the ultimate legal and financial responsibility for the LLEP's activities.

Until March 2024 Mr P Bedford CC represented Leicestershire County Council on the LLEP Board of Directors.

In the Spring Budget of March 2023 the Chancellor announced that the Government was 'minded' to withdraw central government core funding for LEPs from April 2024, i.e. ending LEPs. This decision was confirmed in August 2023. The Government also stated that its funding to LEPs for a number of key functions, namely business representation, strategic economic planning, and the delivery of government programmes where directed, would be transferred to upper tier local authorities (UTLAs). The expectation was that UTLAs work together across a functional economic area. Leicester City Council and Leicestershire County Council has long been considered a functional economic area as the boundaries provide a good fit to key economic geographies such as travel to work areas.

The Government has indicated that it will provide funding for local economic planning, supporting business representation, and the delivery of government programmes when directed, informing priority activities for the next two years. Funding for 2024-25 was confirmed by the Government. At the Chancellor's Budget in October 2024 it was stated, however, that core funding would cease after March 2025, although there is some ongoing programme funding anticipated.

The Government has approved the governance arrangements developed by the two UTLAs which recognise that they become the key decision-makers within the new arrangements. These arrangements include a Business Board which will be chaired by a private sector business representative, meet bi-monthly and provide advice to the leaders of the two UTLAs, namely the Leicester City Mayor and the Leader of the County Council, to inform their decisions regarding economic development strategy and investment. The two leaders will meet regularly with the Business Board's Chair and attend three Business Board meetings each year. The decision-makers and Business Board will be supported by an executive team hosted by the City Council on behalf of the two UTLAs, and the wider partnership.

For most activities transition arrangements were put in place from 1 April 2024 with the former LLEP Team continuing to deliver activities whilst the new governance, business representation and staffing arrangements were established. It was considered appropriate that LLEP Ltd. be retained as a legal entity with a Board comprising City and County senior officers, and for the City Council to formally remain as the Accountable Body. This was a short-term measure to enable existing agreements to which LLEP Ltd is a party to be updated, namely Enterprise Zone business rates agreements.

Establishing a new Board required existing LLEP Directors to resign their positions. All directors confirmed their earlier intention to resign on 31 March. The two UTLAs have each appointed a senior officer to the Board.

### **Integrated Care Systems (ICS) & Integrated Care Partnership (ICP)**

ICs are partnerships that bring together NHS organisations, and upper tier local authorities across NHS footprint of Leicester, Leicestershire, and Rutland (LLR).

The ICP is a statutory committee jointly formed between the Integrated Care Board (ICB) and all upper-tier local authorities that fall within the ICS area. LCC membership includes the Lead member for Health and Wellbeing, the Director of Public Health, the Director of Adult Social Services and the Director of Children and Family Services.

The ICP is responsible for producing an integrated care strategy on how to meet the health and wellbeing needs of the population in the ICS area. The first Leicester, Leicestershire and Rutland (LLR) Integrated Care Strategy was published in draft in April 2023. It was designed to guide care and health organisations, staff, and the voluntary sector to key areas of focus where, collectively, a difference can be made to improve people's health and wellbeing over the coming years.

The ICB is also a statutory body and is a successor to the 3 Clinical Commissioning Groups (CCGs). The Director of Public Health represents LCC on the ICB, though in an ex officio capacity not as a representative of the Council as a decision-making body, in accordance with NHS requirements. A draft Integrated Care Board 5-Year Joint Forward Plan was presented to the Council's Health & Wellbeing Board on 25 May 2023. The Board agreed that the 5 Year Joint Forward Plan took account of the Leicestershire Health and Wellbeing Strategy.

### **Leicestershire Health and Wellbeing Board**

Health and Wellbeing Board acts as a forum in which key leaders from the local health and care system work together to improve the health and wellbeing of the local population and plan how to tackle inequalities in health. This is best achieved by a range of organisations working together and as a result, the Leicestershire Health and Wellbeing Board brings together key organisations: the ICB, District Representatives, NHS England, University Hospitals of Leicester NHS Trust, Leicestershire Partnership NHS Trust, Leicestershire Police, Office of the Police and Crime Commissioner and Healthwatch to ensure patients and service users voices are heard. As part of a review of the Board's governance arrangements at its meeting on 31 October 2023, Voluntary Action Leicester Shire became a member of the Health and Wellbeing Board to provide some context to issues raised from a voluntary and community sector perspective. The Health and Wellbeing Board is chaired by the Council's cabinet lead for Health and the other Council representatives are:

- Lead Members for Adult Social Care & Children & Young People
- The Chief Executive
- The Directors of Public Health, Adults & Communities and Children & Family Services

The Health and Wellbeing Board leads and directs work to improve the health and wellbeing of the population of Leicestershire through the development of improved and integrated health and social care services by:-

- Identifying needs and priorities across Leicestershire (the Place), and publishing and refreshing the Leicestershire Joint Strategic Needs Assessment (JSNA) and Pharmaceutical Needs Assessment so that future commissioning/policy decisions and priorities are based on evidence.
- Preparing and publishing a Joint Health and Wellbeing Strategy and Plan on behalf of the County Council and its partner clinical commissioning group(s) so that work is done across the Place to meet the needs identified in the JSNA in a co-ordinated, planned, and measurable way.
- In conjunction with all partners, communicating and engaging with local people in how they can achieve the best possible quality of life and be supported to exercise choice and control over their personal health and wellbeing.
- Approving the Better Care Fund (BCF) Plan including a pooled budget used to transform local services, so people are provided with better integrated care and support together with proposals for its implementation.
- Having oversight of the use of relevant public sector resources to identify opportunities for the further integration of health and social care services within the Place.

The BCF is reported quarterly regionally and nationally via NHS England (NHSE) and the Local Government Association (LGA) via a nationally prescribed template which is approved quarterly by the Board, a process supported operationally by the Integration Executive. The annual BCF plan is also submitted via NHSE/LGA regionally and nationally and is subject to a prescribed national assurance process against a number of national conditions, metrics, and financial rules.

The 2023–25 BCF Policy Framework was published in April 2023.

Progress to date on the annual submission for the 2023/24 financial year was considered by the Health and Wellbeing Board at its meeting on 25 May 2023. The Health and Wellbeing Board authorised the Chief Executive, following consultation with the Chairman of the Health and Wellbeing Board, to finalise the BCF Plan prior to the national deadline for submission of 28 June 2023. (The Integration Executive, a subgroup of the Health and Wellbeing Board with responsibility for the day to day delivery of the BCF, considered the draft BCF Plan 2023/24 at its meeting on the 6 June 2023 and supported its contents).

The completed year end BCF 2023-24 template, which demonstrates progress against integration priorities and BCF delivery, reported to the Health and Wellbeing Board at its meeting on 23 May 2024, where the Board was asked to approve it for the NHS England submission deadline of 23 May 2024. The work of the Health and Wellbeing Board is reported in an annual report and is also reported in the annual reports of Clinical Commissioning Groups (CCGs).

### **East Midlands Freeport**

Freeports are a flagship Government programme that will play an important part in the UK's post-COVID economic recovery and contribute to realising the levelling up agenda, bringing jobs, investment, and prosperity to some of the most deprived communities, with targeted and effective support. The East Midlands Freeport (EMF) is the UK's only inland Freeport and features three main 'tax sites' straddling three East Midlands counties. The EMF brings together a mix of industries, businesses, and other collaborating partners, combining public and private sector expertise. The County Council acts as the accountable body for the Freeport.

In December 2023, the Council entered into a Memorandum of Understanding (MOU) with the Secretary of State for Levelling Up, Housing and Communities, the Freeport governing body and the Billing Local Authorities responsible for the collection of business rates within the Freeport Tax sites. An annual performance and assurance review is undertaken by the Secretary of State for Levelling Up, Housing and Communities and this last took place in March 2024. The outcome was positive.

### **East Midlands Development Company (DevCo)**

The County Council has been a Board member of the DevCo, a company limited by guarantee from April 2021. Its ambition was to be a locally led urban development corporation or a mayoral development corporation. The County Council has been one of five member authorities / owners of the DevCo. For some

time the County Council was concerned to ensure that the DevCo's Members' Agreement and Grant Agreement were correctly followed, which it did not believe had been the case. In that connection, exempt reports have been made to the Cabinet (May and September 2022 and June 2023 and March 2024) while the Council's membership has been paused. The Council was still waiting for a satisfactory response to its concerns which had been fully set out to the DevCo and DLUHC/MHCLG when the DevCo decided in August 2024 to recommend winding itself up/voluntary dissolution from July 2025. The Cabinet resolved in October 2024 to agree to the voluntary dissolution and the legal process involved. The Council's concerns had been reported to our external auditor who agreed that in the circumstances winding up the DevCo was an acceptable outcome.

### **Environmental & Waste Collaborations**

The County Council through the Environment and Transport Department is partner in a number of environment and waste collaborations and acts as Key Partner in

- Charnwood Forest Regional Park Board - a partnership of local authorities, agencies, user groups and land management organisations, working to manage and promote the unique cultural and heritage features of the area;
- Charnwood Forest Landscape Partnership Scheme Steering Group - an officer led group that oversees the delivery of the National Lottery Heritage Fund funded Landscape Partnership Scheme;
- Air Quality and Health Partnership - Led by Public Health and involving all districts. Responsible for overseeing delivery of the Action Plan to address air quality issues across the county; At its meeting on 14 September 2023 the Environment and Change Overview and Scrutiny Committee considered a report of the Director of Public Health which provided an update on the progress to date made against actions within the Air Quality and Health Partnership Action Plan 2020-24 and the initial proposals for an updated plan for 2024-28.
- Local Nature Recovery Strategy Steering Group - an officer led group with Leicestershire County Council acting as the 'responsible authority for the development of a Local Nature Recovery Strategy for Leicestershire, Leicester and Rutland as part of a new statutory duty set out in the Environment Act 2021

### **Enhanced Bus Partnership**

This is a partnership between the County Council and the bus operators and is enabled by the 2017 Bus Services Act and Transport Act 2000, so has a legal status, but is not mandatory. Local authorities which wanted to bid for funding had to establish a partnership and therefore every top tier authority has one (unless they have bus franchising).

## 7. Significant Governance Issues & Action Taken on Those Previously Reported in the 2022-23 AGS

The Council has defined a 'significant governance issue' as one that is intended to reflect something that has happened in the year, or which is currently being experienced and meeting any of the following criteria:

- A. The issue has seriously prejudiced or prevented achievement of a principal objective of the authority;
- B. The issue has resulted in a need to seek additional funding to allow it to be resolved or has resulted in significant diversion of resources from another aspect of the business;
- C. The issue has led to a material impact on the accounts;
- D. Corporate Governance Committee has advised that the issue should be considered as a 'significant' issue for reporting in the AGS;
- E. The Head of Internal Audit Service has reported on the issue as significant, for reporting in the Annual Governance Statement, in the annual opinion on the internal control environment;
- F. The issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;
- G. The issue has resulted in formal action being taken by the Chief Financial Officer and/or Monitoring Officer;
- H. The issue has resulted in a Legal breach;
- I. The issue prompts intervention from a regulator.

Progress that has been made in dealing with the governance issues that were identified in the 2022-23 final AGS are detailed below:

Issue /Area for Improvement (AGS) 2022/23	Lead Officer and Date	Progress during 2023-24
<p><b>Firs Farm – environmental damage and rectification</b></p> <p>A farm estate owned and let by the Council where large amounts of potentially hazardous waste had been allegedly left by a former tenant.</p> <p>A remediation strategy for the farm has been agreed with the Environment Agency. The Council has tendered for the removal and proper disposal of the waste on the farm and reinstatement of the farmland which could incur costs of over £2.4m.</p> <p>The Council's insurance does not cover the type of environmental or illegal waste disposal undertaken on the farm.</p>	<p>Director of Corporate Resources</p> <p>Reviewed April 2023 &amp; January 2024</p> <p><b>Close SGI May 2024</b></p>	<p>Position at May 2024 - Contracted remediation works was completed during April 2024. Final costs are still awaited but it is expected that the clearance and remediation contract will come in on budget. The Environment Agency criminal investigation is ongoing and the Council awaits to hear if it has any recourse. The Animal and Plant Health Agency (APHA) has confirmed that there is no concern over slurry pit waste which will be emptied by normal farming methods later this year. The farmland has been let. The future use of the farm buildings is currently under review.</p> <p>Additional resources are being employed for inspection of the estate.</p>
<p><b>School Admissions</b></p> <p>LCC has a duty to provide details of school places allocated on "National Offer Day" (March 1st for primary to secondary transfers). 2023 was the first time this process was undertaken with the new Synergy system. There were some difficulties in establishing a new process with this system and the standard of communication did not meet expectations.</p>	<p>Director of Children &amp; Family Services</p> <p><b>Close SGI May 2024</b></p>	<p>System improvements were applied and in April 2024 the County Council reported that a record 99% of children across the county have been offered a place at one of their top three school preferences.</p>

Issue /Area for Improvement (AGS) 2022/23	Lead Officer and Date	Progress during 2023-24
There was media attention and County Council said a "technical issue" had been addressed, and apologised "for any inconvenience that may have been caused".		
<p><b>Early Years Budget Deficit</b></p> <p>A £4.2m deficit on the Early Years' budget was identified at the end of the 2021/22 financial year due in part to errors in the completion of the Council's annual Early Years census) since 2020 leading to reduced grant payment to the Council.</p> <p>Representations with the DfE to have the census corrected have proven unsuccessful, and alternative plans are being put into place to recover the deficit. Internal Audit work identified a number of lessons learned and recommendations for process improvement will be shared with management for consideration and implementation.</p>	<p>Director of Children &amp; Family Services</p> <p>Reviewed April 2023</p> <p>Update May 2024</p> <p><b>Close SGI January 2025</b></p>	<p>A further follow-up internal audit has been undertaken. Only 3 of the original 17 recommendations made remain work in progress.</p> <p>The reduction in deficit is confirmed on track.</p> <p><b>Update January 2025 - All Internal Audit recommendations have been addressed.</b></p>
<p><b>SEN Budget Deficit and OfSTED re-visit</b></p> <ol style="list-style-type: none"> <li>In their Auditors Annual Report (AAR) 2022-23, the external auditor reported that a key area of concern is the Council's significant Dedicated School's Grant (DSG) deficit.</li> <li>The AAR also referred to the SEND re-inspection in November 2022 to consider progress made in addressing two previously reported significant weaknesses.</li> </ol>	<p>Director of Children &amp; Family Services</p> <p>Update May 2024</p> <p><b>Close SGI relating to EHCP January 2025</b></p>	<p>These risks are monitored at Corporate Governance Committee as part of the Corporate Risk Register</p> <ol style="list-style-type: none"> <li>The auditor recognised that the Council had put in measures to resolve the DSG deficit. The Transforming SEND in Leicestershire (TSiL) programme is mobilised and is expected to significantly reduce the annual financial deficit.</li> <li>Regarding the issue remaining on the timeliness of Health &amp; Care Plans (EHCP) the auditor referred to the development of an Accelerated Progress Plan (APP) which reflects the high level actions to be taken.</li> </ol> <p>The auditor recognised that the APP and TSiL activity was to be reflected in the Refreshed SEND and Inclusion Strategy 2023-26. They made an overall improvement recommendation to ensure the programme is supported by robust governance arrangements.</p> <p><b>Updates January 2025</b></p> <p><b>At its meeting on 20 May 2024, Corporate Governance Committee (the Committee) received a detailed presentation on the risk by the Director of Children &amp; Family Services (the Director).</b></p> <p><b>In the Auditor's Annual Report 2023-24 (reported to the Committee on 6 December) the auditor has not reported a significant weakness in SEND arrangements but made an improvement</b></p>



Issue / Area for Improvement (AGS) 2022/23	Lead Officer and Date	Progress during 2023-24
		<p>recommendation that the Council should continue to identify opportunities to reduce increasing demand for SEND as well as reduce the costs of SEND. The Director responded that the TSiL programme would provide almost £28m from reduced costs and increased LA provision. Additionally, whilst EHCPs continue to rise this is in line with national trends.</p> <p>The overall risk will continue to be monitored by the Committee as part of the Corporate Risk Register</p>

## 8. Significant Governance Issues Arising During 2023/24

This Annual Governance Statement (AGS) identifies that the Council has effective arrangements in place, but that its officers recognise the need to continuously review, adapt and develop governance arrangements to meet the changing needs of the organisation. Whilst the Council has identified areas to be developed (see Annex), it is important to recognise that there are 2 significant matters set out in the table below.

Significant Governance Issue 2023/24	Lead Officer and Date
<p><b>Environment &amp; Transport Department</b></p> <p>During 2023-24, there were a number of investigations undertaken into working arrangements within the Highway &amp; Transport Branch. Recommendations from the investigations were accepted by management and they have been transferred into a consolidated action plan. The Assisted Transport Improvement Board has been established, chaired by the Director and the Board's membership contains senior management representatives (E&amp;T, HR, Commercial Services, Transformation, Legal, Internal Audit and Finance). The Board provides the necessary oversight of changes requiring rapid implementation and will align to (but not be responsible for) the management of complex, longer term improvement projects and initiatives. This work will continue to be overseen by the Assisted Transport programme Delivery Board.</p> <p>The Director will regularly report progress against the action plan to the Chief Executive.</p>	<p><b>Director of Environment &amp; Transportation</b></p> <p><b>December 2024</b></p> <p><b>Update January 2025 – the Department has reported good progress against implementing actions. Internal Audit Service will review and confirm the position in January and whether the governance arrangements are appropriate.</b></p>
<p><b>Capital Programme</b></p> <p>The Council has a number of large, complex capital projects in progress which have significant potential risks, such as financial and procurement risks. Inflationary pressures also continue to have an impact on large capital projects. The Council's risk management approach to major capital schemes will be reviewed to ensure risks are appropriately managed from project inception and that appropriate risk contingencies are maintained.</p>	<p><b>Director of Corporate Resources</b></p> <p><b>October 2024</b></p> <p><b>Update January 2025 - Lessons learned from large capital schemes is being used to inform the way future tenders are completed. There are continual actions underway to monitor and improve the risk.</b></p>

The Council has identified areas to be developed which are reported in the Annex to the AGS.

The Code of Practice on Local Authority Accounting in the UK 2023-24, requires that significant events or developments relating to the governance system that occurred between the Balance Sheet date, (31 March), and the date on which the Statement of Accounts will be signed by the responsible financial officer, are reported. The draft AGS was updated in line with the Code of Practice.

## 9. Future Challenges

Significant challenges faced by the Council are detailed within the Corporate Risk Register, which is regularly reviewed by the Corporate Management Team and presented to the Corporate Governance Committee (the Committee). Managing these risks adequately will be an integral part of both strategic and operational planning; and the day to day running, monitoring, and maintaining the Council. The most recent update of the Corporate Risk Register was received by the Committee at its meeting on 20 May 2024.

Additional challenges continue to emerge, and key areas in particular are:

## Financial Sustainability

The Council's financial position is extremely challenging, with a budget gap in excess of £80m forecast in the Medium Term Financial Strategy by 2027/28. This is a challenge shared by the Local government sector, with inflationary pressures, rising demand and funding uncertainty creating a complex and difficult financial landscape, made worse by the continuation of one-off financial settlements from government. The Council has a prudent level of reserves that provide some level of assurance over financial sustainability, and a corporate Strategic Change Programme which identifies and manages the delivery of a wide-ranging savings programme. However, the Council must ensure that this programme is adequately resourced and is currently undertaking a prioritisation exercise to ensure that the savings initiatives that have the largest savings potential have sufficient resources.

## Covid-19 Public Inquiry

Information has been provided to the Inquiry at the request of the Chair (through the LGA) in relation to the Module 1 (Preparedness and Resilience) and following a formal direction for evidence in Module 5 (Procurement) concerning the procurement and purchasing of PPE.

## Assistance with migrants and asylum seekers, and the Homes for Ukraine Scheme.

Challenges remain with the asylum system. The funding model is yet to be reformed so upper tier authorities do not get their full costs recovered. There is yet to be an announcement on any changes to the Full Dispersal Model under which every local authority area is expected to take a share of asylum seekers to relieve the pressure on local authorities who have historically taken all the dispersals. Also, there has been no outcome from the Home Office consultation on the "Safe and Legal Cap" on asylum seekers which ended in January 2024.

The Government has extended the Homes for Ukraine scheme (H4US). Guests can be hosted for the full three years of their visa and will also be able to apply for a further extension for 18 months, however the details of this and whether thank you payments will still be available for hosts for this period are yet to be confirmed (expected January 2025). New arrivals are now only granted visas for 18 months instead of three years. These changes to the scheme reduce the likelihood of large-scale homeless need for Ukrainian guests during 2024/25, although there's an increase in referrals for housing advice and support, and available accommodation remains limited. Mental Health and trauma support appear to be an increasingly apparent need. Ability to support in the longer term has some dependence on availability of host and private rental accommodation, and any further extension of the scheme, as much of the funding for the scheme and any future years has already been received.

## Recruitment and retention

Whilst there have been improvements reflected in the Corporate Risk Register throughout the year there are still pockets where it's important not to lose traction.

## CONTEST Strategy

The Council continues to plan to meet its 'Prevent' and 'Protect' (Martyn's Law) duties under 'CONTEST' (the Government's Counter-terrorism strategy).

## Artificial Intelligence and cyber security

Artificial Intelligence (AI) has the potential to transform various aspects of public sector, such as healthcare, education, security, and transportation, by enhancing efficiency, quality, accessibility, and innovation. However, AI also poses significant risks and challenges, such as ethical, legal, social, and economic implications, that need to be carefully addressed and regulated. Central Government has recognised the potential risks and opportunities surrounding AI. The National AI Strategy outlines the government's commitment to supporting the development and adoption of AI technologies across various sectors, including the public sector. Central government also provides a number of tools, such as the Generative AI Framework to inform and support local government implementations of AI. The NCSC (National Cyber Security Centre) provides guidance to help ensure any systems implemented are secure. The Council will continue its research and development of AI and fully debate and understand the risks and challenges.

The impact of a cyber/ransomware attack or IT system breach could be significant and will have varied effects on the organisation and its ability to provide critical/statutory services. To minimise the impact of such incidents,

investment will need to continue to be made in the implementation of enterprise standard security systems, to further enhance our security posture and continue the journey to adopt greater defence in depth. Coupled with these technical defences, the Council will need to ensure it has robust business continuity and supporting disaster recovery plans, that are in place and regularly tested. Cyber security risk is included in the Corporate Risk Register with regular updates provided to members.

## Procurement Regulations 2024

After much delay, there is large scale procurement reform coming into force on 24 February 2025. The Procurement Act replaces the Public Contract Regulations 2015. Implementation of the Act will significantly revise historical procurement rules.

All staff that are budget holders, or are involved in procuring goods or services, need to be aware of the regulations. The Commissioning Support Unit and Legal Services are working together to create a set of rules, guidelines etc., amending the Contract procedure rules to reflect the new legislation which will be available by January 2025. Guidance will be provided to cover the transition to the new regulations, and a comprehensive programme of learning and development to support the implementation of the changes.

## Partnership with Nottingham City Council

The County Council's arrangements to process its payroll/HR and accounts payable and accounts receivable transactions in partnership with Nottingham City Council could be jeopardised by the ongoing uncertainty over Nottingham City Council's budget position i.e. that it has issued s114 notice and that the Government has appointed Commissioners. There is a risk that internal audits of the EMSS systems could be significantly affected.

## Central Government and County Council elections

The Prime Minister called for a general election on 4 July 2024 and Parliament was dissolved on 30 May 2024. The outcome of the election could significantly impact the County Council's strategic plans and services.

The timing of the election is likely to impact when the public sector receives its funding settlement for 2025/26.

The next County Council election will take place on 1 May 2025 and preparations and planning have started through discussions with all the political group leaderships.

## Internal Audit Service – reactive work

Whilst not significant in time spent nor financial value, the HoIAS has noticed an increase over the last year with requests to respond to reactive work i.e. investigations. This situation will be monitored to evaluate whether there are gaps appearing in the Council's control environment and also to establish the effect on progressing and completing higher risk planned audits.

## 10. Certification

The Council is satisfied that appropriate governance arrangements are in place and continue to be regarded as fit for purpose.

We propose over the coming year to take steps to address any matters to further enhance our governance arrangements in these challenging times. We are satisfied that these steps will address the need for any developments that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Furthermore, having considered all the principles of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, we are satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

.....  
John Sinnott  
Chief Executive

.....  
Nicholas Rushton  
Leader of the Council


AnnexAREAS FOR FURTHER DEVELOPMENT IN 2024-25


The Corporate and Departmental AGS self-assessments contained a set of conformance statements under each core principle and related sub-principles as outlined in the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016). Each conformance statement required a corresponding score of 1, 2 or 3 to be recorded, based on the criteria below:

Score	Definition	Description	Evidence (all inclusive)
1	<p>Good</p> 	<p>Conformance against most of the areas of the benchmark is good, although there may be minor developments required but with a limited impact on the ability to achieve departmental and Council objectives. Strategic, reputational and/or financial risks are minor, and performance is generally on track.</p>	<p>Many elements of good practice to a high standard and high quality.</p> <p>Substantial assurance can be given that coverage of the sub-principle is operating satisfactorily and extends to most/all services areas within the department</p>
2	<p>Some development areas for improvement</p> 	<p>There are some developments required against areas of the benchmark and the department may not deliver some of its own and the Council objectives unless these are addressed. The management of strategic, reputational and/or financial risks is inconsistent, and performance is variable across the department.</p>	<p>Some elements of good practice to a high standard and high quality.</p> <p>Moderate assurance can be given that coverage of the sub-principle is working adequately in certain service areas, with omissions in others.</p> <p>Proposal/Plans are in place to address perceived shortfalls</p>
3	<p>Key development and many areas for improvement</p> 	<p>Conformance against many/all areas of the benchmark is poor and therefore delivery of departmental and Council objectives is under threat. There are many strategic, reputational and/or financial risks and performance is off track.</p>	<p>Few elements of good practice to a high standard and high quality.</p> <p>Coverage of this expectation is omitted amongst most areas.</p> <p>Proposal/Plans to address perceived shortfalls are in early stages of development</p>

Examples of key actions is summarised in the table below.

Note: some actions are not included in the table as they are already reported through the Corporate Risk Register (CRR).

Annual Review of the Effectiveness of the Council's Governance Framework against the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)		
Core Principles of the Framework	Overall Assessment	Action to Develop Areas Further in 2024-25 (Ongoing and New)
<p><b>Principle A:</b> Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>		<ul style="list-style-type: none"> <li>Full implementation of the Anti-Fraud &amp; Corruption Strategy Action Plan over the course of the two-year period 2024-2026.</li> </ul>
<p><b>Principle B:</b> Ensuring openness and comprehensive stakeholder engagement</p>		<ul style="list-style-type: none"> <li>Develop arrangements further in the light of enhanced data requirements as a result of Office for Local Government establishment.</li> </ul>
<p><b>Principle C:</b> Defining outcomes in terms of sustainable economic, social, and environmental benefit</p>		<ul style="list-style-type: none"> <li>Continuing to develop the approach to multi-year monitoring of large and complex capital schemes to ensure medium term implications brought out, including risks and mitigations.</li> </ul>
<p><b>Principle D:</b> Determining the interventions necessary to optimise the achievement of the intended outcomes</p>		<ul style="list-style-type: none"> <li>Continue to push for fairer funding sought to ensure longer term service sustainability.</li> </ul>
<p><b>Principle E:</b> Developing the entity's capacity including the capability of its leadership and the individuals within it</p>		<ul style="list-style-type: none"> <li>Following members self assessment of effectiveness against revised guidance, devise a training plan for the Corporate Governance Committee.</li> </ul>
<p><b>Principle F:</b> Managing risks and performance through robust internal control and strong public financial management</p>		<ul style="list-style-type: none"> <li>Review of performance reports planned to ensure more consistency and best practice in data visualisation.</li> <li>Corporate Data Strategy project under way to improve roles and arrangements that support the data pipeline and data architecture.</li> </ul>

<p><b>Principle G.</b></p> <p>Implementing good practices in transparency reporting and audit to deliver effective accountability</p>		<ul style="list-style-type: none"><li>• Continuous development of procurement pipelines by departments.</li><li>• Importance of managing risks in partnership settings in accordance with the Council's Risk Management Policy to be reinforced to relevant managers.</li><li>• Implement actions from the Internal Audit Service EQA</li><li>• Prepare for the implementation of the Global Internal Audit Standards from 1 April 2025</li></ul>
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## **CONSTITUTION COMMITTEE – 21<sup>ST</sup> JANUARY 2025**

### **REPORT OF THE CHIEF EXECUTIVE**

#### **CO-OPTED MEMBER PROTOCOLS**

##### **Purpose of the Report**

1. The purpose of this report is to present two protocols for approval. The protocols set out the position in relation to co-opted members of overview and scrutiny committees, attached as Appendix A, and to co-opted Independent Members of the Corporate Governance Committee, attached as Appendix B.

##### **Background**

2. The protocols define who can be a co-opted member and what their role on their respective committees should be. The protocols also confirm the arrangements for the appointment of co-opted members and set out the induction training and ongoing support that is available to them. The protocols also remind co-opted members of the obligations under the Code of Conduct for Members and Co-opted Members.
3. Although the information contained in the protocols is similar, it was decided that it would be better to have two separate protocols. This is because the legislative position for co-opted members of overview and scrutiny committees is very different to that of the co-opted Independent Members on the Corporate Governance Committee. The roles they have on their respective committees are also very different.
4. The protocols include a role description and person specification, which will be used to support recruitment to the positions and will ensure that eligibility criteria are met.

##### **Recommendations**

5. The Constitution Committee is recommended to approve the protocols for co-opted members of overview and scrutiny committees and for co-opted independent members of the Corporate Governance Committee.

- (a) That a politically balanced task and finish group be established to undertake a full review of the Constitution.

### **Equal Opportunities and Human Rights Implications**

There are no equalities and human rights implications arising from this report.

### **Background Papers**

None.

### **Circulation under Local Issues Alert Procedure**

None.

### **Officers to Contact**

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### **Appendices**

Appendix A – Protocol for Co-opted Members of Overview and Scrutiny Committees

Appendix B - Protocol for Co-opted Independent Members of the Corporate Governance Committee

## Protocol for Co-opted Members of Overview and Scrutiny Committees

### Introduction

The purpose of this protocol is to set out the legislative and constitutional position in relation to co-opted members of overview and scrutiny committees. The protocol will define who can be a co-opted member and what their role on the committee should be. It will also confirm arrangements for the appointment of co-opted members and set out the induction training and ongoing support that is available to them. Finally, it will remind co-opted members of their obligations under the Code of Conduct for Members and Co-opted Members.

### The Legislative Position

Schedule 1 of the **Local Government Act 2000**, as amended by the **Localism Act 2011** and the **Local Authorities (Committee System) (England) Regulations 2012**, sets out the requirements for co-opted members to serve on the overview and scrutiny committee that oversees and scrutinises the Council's education functions. These are:

- (a) If the local authority maintains one or more Church of England schools, the overview and scrutiny committee membership must include a person nominated by the relevant Diocesan Board of Education;
- (b) If the local authority maintains one or more Roman Catholic Church schools, the overview and scrutiny committee membership must include a person nominated by the bishop of the relevant Roman Catholic diocese;
- (c) The overview and scrutiny committee must include one or more persons elected as representatives of parent governors at local authority maintained schools.

The Church of England and Roman Catholic representatives are both permitted to vote on any matter relating to the Council's education functions.

Overview and Scrutiny Committees are permitted to co-opt additional members, but if they wish to allow these co-opted members to vote, they must create a scheme setting out their voting entitlement and publish it in accordance with the regulations.

**The Parent Governor Representatives (England) Regulations 2001** require a local education authority to appoint at least two but no more than five parent governor representatives to the overview and scrutiny committee dealing with education matters.

These regulations address the voting rights of parent governor representatives and confirm that they are the same as that of the Church of England and Roman Catholic Representatives.

The regulations set out how parent governor representatives should be elected and set out what qualifies a person for election, as well as reasons why they would be disqualified from being elected or holding office as a parent governor representative.

The regulations specify that the term of office must begin not more than one month after the result of the election is announced and can last for a period of between two and four years. If a parent governor representative resigns, an election to fill the vacancy must take place within six months. The term of office for the successor can be shorter than two years but must not exceed four.

**The Local Authorities (Committee System) (England) Regulations 2012** confirm that the 2001 regulations continue to apply.

### **The County Council's Constitution**

Rule 4 of the Overview and Scrutiny Procedure Rules (Part 4E) clarifies that the County Council has determined that it is unnecessary to co-opt people who are not County Councillors to be members of an overview and scrutiny committee, save to the extent required by law (i.e. the education representatives).

Rule 5 of the Overview and Scrutiny Procedure Rules (Part 4E) confirms that the overview and scrutiny committee dealing with education matters is the Children and Families Overview and Scrutiny Committee.

It states that the Children and Families Overview and Scrutiny Committee should include a representative from the Church of England diocese and two parent governor representatives. There are no local authority maintained Roman Catholic Church schools in Leicestershire.

It confirms that education representatives can participate in and vote on issues related to education functions, subject to the provisions of any relevant statutory regulations. If the overview and scrutiny committee deals with other matters, the education representatives are not permitted to vote on those other matters, though they may stay in the meeting and speak.

### **Parent Governor Representatives: Eligibility Criteria**

A person wishing to be elected as a parent governor representative must be, on the date of election:

- (a) a parent governor at a Leicestershire County Council maintained school;
- (b) the parent of a registered pupil who is educated at a Leicestershire County Council maintained school, or who is educated by the County Council otherwise than at a school.

*[There are further eligibility criteria in the 2001 regulations, depending on whether the Council has decided to specify which areas/types of school a parent governor*

*representative should come from. Leicestershire County Council has chosen not to apply additional criteria.]*

A person wishing to be elected as a parent governor representative cannot be:

- (a) An elected member of any local authority;
- (b) A teacher or otherwise employed in a Leicestershire County Council maintained school;
- (c) An employee of Leicestershire County Council.

Once appointed, there are some reasons set out in the Regulations for an existing parent governor representative to resign from office. These are as follows:

- (a) Resigning or being disqualified from the office of parent governor;
- (b) Ceasing to be a parent governor for any reason other than:
  - (i) Completing their term of office;
  - (ii) No longer holding office because of the discontinuance of the school at which they were a parent governor;
  - (iii) No longer holding office because of a change in the constitution of the governing body of the school at which they were a parent governor;
- (c) Being elected as a member of any local authority;
- (d) Taking up employment with the County Council or in a County Council maintained school;
- (e) Serving as a parent governor representative on an overview and scrutiny committee in a different local authority;
- (f) Failing to attend meetings for a continuous period of six months without sending apologies for absence.

A parent governor representative who fails to attend a meeting for a continuous period of six months without sending apologies for absence will be automatically disqualified from continuing to serve on the committee. There is no right of appeal.

A person specification has been developed for parent governor representatives, reflecting the eligibility criteria set out above. It forms part of Appendix A to this protocol.

### **Role of an Education Representative**

The role of an education representative, as set out in the induction pack created by the Centre for Governance and Scrutiny, is to:

- (a) Attend and contribute to meetings of the Children and Families Overview and Scrutiny Committee
- (b) Establish good relations with other members and officers;
- (c) Abide by the Council's Meeting Procedure Rules (Part 4A of the Constitution);
- (d) Act with due propriety according to standards laid down for conduct in local government and in particular the Council's Member Code of Conduct (Part 5A of the Constitution).

In addition, Parent Governor Representatives should:

- (a) Act as an apolitical voice for parents in the area, representing to the County Council the main education issues which concern parents of pupils in schools that it maintains;
- (b) Liaise with the other Parent Governor Representative on the committee;
- (c) Feed back the County Council's discussions of and decisions on education to parents.

The Church of England representative should also:

- (a) Act as an apolitical voice for the County Council maintained Church of England schools in the area, representing to the County Council the main education issues which concern these schools;
- (b) Feed back the County Council's discussions of and decisions on education to the Diocese of Leicester.

A role description has been developed for parent governor representatives, reflecting the information set out above. It forms part of Appendix A to this protocol.

### **Appointment Process and Term of Office**

Vacancies for Parent Governor Representatives are advertised via the Leicestershire Traded Services website, with a request for expressions of interested to be submitted to [governors@leics.gov.uk](mailto:governors@leics.gov.uk).

If there are more expressions of interest than places on the Committee, then an election must be carried out in accordance with the provisions in the 2001 Regulations. All parent governors of schools maintained by the County Council are eligible to vote.

The Church of England Diocese of Leicester nominates the Church of England representative. There is nothing in legislation to disqualify a Church of England representative from serving on the Committee if they do not regularly attend meetings of the Children and Families Overview and Scrutiny Committee. However, at the discretion of the Chair, the Diocese will be asked to reconsider the position of their nominee if they fail to attend meetings for a period of six months without submitting their apologies.

The appointment of all education representatives is made by the full County Council at the Annual Meeting following a County Council election. The Term of Office for education representatives is four years, aligned to the life of the Council.

### **Induction Training and Ongoing Support**

The following induction training will be offered to education representatives:

- (a) Overview of the role of the Children and Families Service Overview and Scrutiny Committee;
- (b) Overview of the priorities for the Children and Families Service, aligned to the County Council's Strategic Plan and Medium Term Financial Strategy (this session will also be attended by elected members);

- (c) Overview of the County Council's Code of Conduct and Meeting Procedure Rules;
- (d) Media and Social Media Training in relation to the obligations in the Code of Conduct (this session will also be attended by elected members).

Education representatives will also be offered an opportunity to refresh their knowledge and discuss any issues of concern on an annual basis. This will align to the annual review of their Register of Interests.

### **Code of Conduct**

Co-opted members are bound by the County Council's Code of Conduct for Members and Co-opted Members (Part 5A of the Council's Constitution).

The Code sets out guidance on the behaviour expected when acting as a co-opted member of the Council and sets out the type of conduct that would lead to action being taken against a co-opted member. It also provides guidance on the types of interest that need declaring at meetings and what that means in terms of participation.

In line with the Code, co-opted members are required to register and disclose any Disclosable Pecuniary Interests and any Other Registerable Interests within 28 days of becoming a co-opted member. They must ensure that the register of interests is kept up-to-date and notify the Monitoring Officer (via the Democratic Services Officer supporting the Children and Families Overview and Scrutiny Committee) of any new interests or any changes to a registered interest within 28 days.

### **Useful Links**

Agendas, supporting papers and minutes for meetings of the Children and Families Overview and Scrutiny Committee are published online via <https://democracy.leics.gov.uk/mgCommitteeDetails.aspx?ID=1043>

General information about the Council's overview and scrutiny function, including links to the Overview and Scrutiny Annual Report, is available via <https://www.leicestershire.gov.uk/about-the-council/how-the-council-works/overview-and-scrutiny/scrutiny-commission-and-committees>

There is also a link on the overview and scrutiny webpages to the Guide to Overview and Scrutiny, or it can be found here:

<https://www.leicestershire.gov.uk/sites/default/files/field/pdf/2019/3/4/Chairman-and-Deputy-Chairman-job-description.pdf>. This explains how the overview and scrutiny function works at the County Council, what the committees are supposed to do and how they carry out that work.

## Parent Governor Representative: Role Description and Person Specification

### Role Description

The role of a Parent Governor Representative is to:

- Prepare for, attend and actively contribute to the work of the Children and Families Overview and Scrutiny Committee.
- Bring an external perspective to the work of the Children and Families Overview and Scrutiny Committee.
- Be able to express the views of parents of pupils in maintained schools, even if these do not accord with their personal views.
- Ensure that parents of pupils in maintained schools are kept up-to-date on the work of the Children and Families Overview and Scrutiny Committee.
- Act independently of party politics and lobbying interests.
- Establish good working relations with elected members and officers.
- Abide by the requirements of the County Council's Constitution and Code of Conduct.

### Person Specification

Parent Governor Representatives should be:

- A parent governor of a school maintained by Leicestershire County Council.
- The parent of a pupil educated at a school maintained by Leicestershire County Council or otherwise educated by the County Council.
- Completely independent of Leicestershire County Council and the schools it maintains, other than serving as a parent governor.
- Not affiliated with any political party or an elected member of any local authority.
- Understanding of the current key issues and priorities for Education in Leicestershire.
- Willing to contribute to discussions in public meetings.
- Able to represent the views of Leicestershire parents and bring those views into the scrutiny process.
- Respectful of the views of others and able to consider issues in a fair and non-judgemental way.
- Able to work as part of a team and develop good working relationships with people from different backgrounds.
- Able to understand written and verbal information and analyse complex issues.
- Able to act with sensitivity and discretion at all times.
- Able to attend meetings during the day.
- Willing to attend training to develop knowledge and skills.
- Committed to the principles of public scrutiny,
- Aware and understanding of Equality and Diversity issues.



**APPENDIX B****Protocol for Co-opted Independent Members of the  
Corporate Governance Committee****Introduction**

The purpose of this protocol is to set out the position in relation to co-opted independent members appointed to the Council's Corporate Governance Committee. The protocol will define who can be a co-opted member and what their role on the committee should be. It will also confirm arrangements for the appointment of co-opted members and set out the induction training and ongoing support that is available to them. Finally, it will remind co-opted members of their obligations under the Code of Conduct for Members and Co-opted Members.

**Current Guidance and Legislative Position**

Whilst not currently a legislative requirement for authorities in England (except for Combined Authorities), CIPFA guidance (Audit Committees: practical guidance for local authorities and police 2022) recommends that up to two co-opted independent members are appointed to all local authority audit committees. The reasons for CIPFA's recommendation are:

- To supplement the knowledge and experience of elected representatives in specific areas, such as audit or financial reporting.
- To provide continuity outside the political cycle. This is of particular importance where membership of the committee changes annually or because of elections.
- To help achieve a non-political focus on governance, risk and control matters.
- Having two co-opted members rather than one will allow recruitment of members with different but complementary knowledge and experience, increase the resilience and continuity of the committee.
- Having two co-opted members shows a commitment to supporting and investing in the committee.

**The County Council's Constitution**

Article 9 of the Council's Constitution (Part 2) clarifies that the County Council has determined that up to two members of the Corporate Governance Committee will be non-voting independent members, appointed in accordance with the functions of the Constitution Committee (set out in Part 3 of the Constitution). The Chairman of the Corporate Governance Committee must form part of the appointment process.

**Eligibility Criteria**

A person wishing to be appointed as a Co-opted Independent Member of the

Corporate Governance Committee cannot have had significant previous dealings with the Council which may compromise (or give the appearance of compromising) their impartiality and independence.

In particular a person wishing to be appointed cannot be:

- A Member of a local authority, or have been in the last five years, or be actively engaged in local party-political activity.
- An employee or consultant to the Authority or other partner organisation with which the Council has dealings and which might affect their impartiality.
- Related to, or a close friend/associate of, any Member or senior officer of the Council.
- A Member of Parliament.

As co-option is a way of ensuring that all voices are represented on Council committees, the Council particularly encourages applications from historically underrepresented backgrounds and communities.

An independent member will be recruited based on the suitability of their qualifications and experience. They will be expected to bring to the Committee a wide range of skills, possessing knowledge of financial controls and management, **and/or** governance, risk and audit matters.

An Co-opted Independent Member who fails to attend a meeting for a continuous period of six months without sending apologies for absence will be automatically disqualified from continuing to serve on the Committee. There is no right of appeal.

A person specification has been developed for Co-opted Independent Members of the Corporate Governance Committee, reflecting the eligibility criteria set out above. It forms part of Appendix A to this protocol.

### **Role of the co-opted independent member**

The role of a Co-opted Independent Member of the Committee will be the same as for an elected representative who is a Committee member. More specifically, as an Independent Member, they will be expected to:

- Actively promote good governance, risk management and control in the delivery of the Council's functions.
- Attend and participate in formal Committee meetings, providing external challenge and support in relation to reports presented to the Committee. Each Independent Member will need to be available for up to six meetings per year of the Corporate Governance Committee which will be held at County Hall in Glenfield, during normal office hours.
- Prepare for each meeting by reading the agenda papers and additional information to familiarise yourself with the issues under discussion and consider the questions you may wish to put to officers. To be available on occasions for email or telephone consultation.

- At the meetings ask questions in a way which is apolitical, non-judgemental and respects confidentiality.
- Keep up to date with key issues for the Council; to develop your understanding of the key priorities and initiatives being pursued.
- Contribute to achieving open, accountable and transparent local democracy in Leicestershire.
- To abide by the Council's Constitution and Members' Code of Conduct.

Independent Members will be expected to provide specialist knowledge and insight to the workings and deliberations of the Committee and to support the Committee in providing effective, independent assurance of the adequacy of the risk management framework, an independent review of the Council's financial and non-financial performance, and in providing independent challenge to, and assurance over, the Council's internal control framework and wider governance processes.

### **Appointment Process, Term of Office and Allowances**

Vacancies for Independent Members of the Corporate Governance Committee are advertised via the Leicestershire Traded Services website, with a request for expressions of interest to be submitted [democracy@leics.gov.uk](mailto:democracy@leics.gov.uk).

The assessment will be by application form and by interview. Candidates will be interviewed by a Panel of elected members drawn from the County Council's Constitution Committee with the Chairman of the Corporate Governance Committee. The Panel will make a proposal regarding those to be appointed as an Independent Member and that proposal must be approved by full Council. References will be taken up prior to interview.

The Term of Office for Independent Members is four years, aligned to the life of the Council.

The role is a voluntary role and so no allowances are to be paid. However, all reasonable travel and subsistence expenses will be payable.

### **Induction Training and Ongoing Support**

The following induction training will be offered:

- (a) Overview of the purpose and role of the Committee, its political structure, attendance and reporting arrangements;
- (b) Overview of the Council's control environment comprising the systems of governance, risk management and internal and external control;
- (c) Overview of Treasury Management;
- (d) Overview of the Council's Code of Conduct and Meeting Procedure Rules;
- (e) Media and Social Media Training in relation to the obligations in the Code of conduct.

## **Code of Conduct**

Co-opted Independent Members are bound by the County Council's Code of Conduct for Members and Co-opted Members (Part 5A of the Council's Constitution).

The Code sets out guidance on the behaviour expected when acting as a co-opted member of the Council and sets out the type of conduct that would lead to action being taken against a co-opted member. It also provides guidance on the types of interest that need declaring at meetings and what that means in terms of participation.

In line with the Code, co-opted members are required to register and disclose any Disclosable Pecuniary Interests and any Other Registerable Interests within 28 days of becoming a co-opted member. They must ensure that the register of interests is kept up-to-date and notify the Monitoring Officer (via the Democratic Services Officer supporting the Children and Families Overview and Scrutiny Committee) of any new interests or any changes to a registered interest within 28 days.

## **Independent Member of the Corporate Governance Committee: Role Description and Person Specification**

### Role Description

The role of an Independent Member is to:

- Actively promote good governance, risk management and control in the delivery of the Council's functions.
- Attend and participate in formal Committee meetings, providing external challenge and support in relation to reports presented to the Committee. Each Independent Member will need to be available for up to six meetings per year of the Corporate Governance Committee which will be held at County Hall in Glenfield, during normal office hours.
- Prepare for each meeting by reading the agenda papers and additional information to familiarise yourself with the issues under discussion and consider the questions you may wish to put to officers. To be available on occasions for email or telephone consultation.
- At the meetings ask questions in a way which is apolitical, non-judgemental and respects confidentiality.
- Keep up to date with key issues for the Council; to develop your understanding of the key priorities and initiatives being pursued.
- Contribute to achieving open, accountable and transparent local democracy in Leicestershire.
- To abide by the Council's Constitution and Members' Code of Conduct.

### Skills and Qualities

A person wishing to be appointed as an Independent Member of the Corporate Governance Committee should demonstrate that they have the following attributes/skills:

- A high level of integrity and a desire to inspire public confidence.
- A strong commitment to maintaining high standards and ethics in public life.
- Ability to be objective, open-minded, independent and impartial (including politically independent) and to ask questions in a way that is non-judgmental.
- Ability to understand complex issues and assimilate information quickly.
- Good analytical skills and the ability to scrutinise information and processes and challenge appropriately.
- Strong interpersonal and communication skills and the ability to contribute to discussions.
- A knowledge/understanding of public, private, voluntary or the charitable sector, or of large, complex organisations at a senior level.
- An understanding of the wider local government environment and accountability structures, and the political process.
- An awareness of the issues currently facing local government and the key priorities for the County.

- A knowledge/understanding of corporate governance, risk management, accountancy, financial control, Internal and External audit, and/or regulation and compliance.
- A respect for confidentiality and an ability to deal with issues of a sensitive nature in a sensitive and diplomatic manner.

### Person Specification

Independent Members of the Corporate Governance Committee should:

- Be willing to contribute to discussions in public meetings.
- Be respectful of the views of others and able to consider issues in a fair and non-judgemental way.
- Be able to work as part of a team and develop good working relationships with people from different backgrounds.
- Be able to understand written and verbal information and analyse complex issues.
- Be able to act with sensitivity and discretion at all times.
- Be able to attend meetings during the day.
- Be willing to attend training to develop knowledge and skills.
- Be committed to the principles of public scrutiny.
- Be aware and have an understanding of Equality and Diversity issues.
- Not have significant previous dealings with the Council which may compromise (or give the appearance of compromising) their impartiality and independence.
- Not be affiliated with any political party or an elected member of any local authority, or have been in the last five years.
- Not be an employee or consultant to the Authority or other partner organisation with which the Council has dealings and which might affect their impartiality.
- Not be related to, or a close friend/associate of, any Member or senior officer of the Council.
- Not be a Member of Parliament.