



Minutes of a meeting of the Corporate Governance Committee held at County Hall, Glenfield on Monday, 24 November 2014.

PRESENT

Mr. E. D. Snartt CC (in the Chair)

Mr. S. L. Bray CC
Mr. G. A. Hart CC
Mr. P. G. Lewis CC

Mr. K. W. P. Lynch CC
Mr. S. D. Sheahan CC
Mr. R. J. Shepherd CC

19. Minutes of the meeting held on 23 September 2014.

The minutes of the meeting held on 23 September 2014 were taken as read, confirmed and signed.

20. Question Time.

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

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

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

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

There were no urgent items for consideration.

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

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting. There were no declarations of interest.

24. Annual Audit Letter 2013/2014.

The Committee considered a report of the Director of Corporate Resources which presented the Annual Audit Letter 2013/14. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

The Chairman welcomed Richard Bacon and Matthew Elmer of PricewaterhouseCoopers, the County Council's external auditors, to the meeting for this and other items.

RESOLVED:

That the Annual Audit Letter be approved and distributed to all Members of the Council.

25. External Audit Plan - Progress Report 2014/2015.

The Committee considered a report of the Director of Corporate Resources which introduced the External Audit 2014/15 Progress Report. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

It was suggested that the Committee would benefit from more information regarding the PricewaterhouseCoopers publications 'Productivity in the Public Sector' and 'The public's view on decentralisation'. Briefings on these publications were held at the offices of PricewaterhouseCoopers and members of the Committee were welcome to attend.

RESOLVED:

That the update provided by PricewaterhouseCoopers be noted.

26. Risk Management Update.

The Committee considered a report of the Director of Corporate Resources which provided an overview of key risk areas and the measures being taken to address them. The report also provided an update on related risk management matters and counter fraud initiatives. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Committee also received a presentation on the risk associated with the transfer of communicating responsibility for 0-5 public health services from NHS England to the County Council. A copy of the slides forming the presentation is filed with these minutes.

Presentation – Public health 0-5 services: Transfer of Commissioning Responsibility.

It was noted that the service specification and Commissioning for Quality and Innovation (CQUIN) payments had now been confirmed and were as expected. There were still outstanding risks regarding the level of funding and nature of the transfer mechanism for the contract. The draft funding arrangements indicated that the cost of the service would be met through the transfer.

The Committee welcomed the proposal to integrate the health visitor service with the school nursing service. It was felt that this would provide added value for both services.

Risk Register

The External Auditor welcomed the robust planning undertaken by the County Council in the light of future uncertainties such as the upcoming General Election. He also acknowledged that the risks which the County Council faced mainly related to dealings with other bodies and as such were beyond its control. The detail relating to risks around information management was welcomed by the External Auditor, along with progress made in this area.

Arising from discussion the following points were noted:

- (i) It was noted that the policy framework for the Risk Register was being reviewed and would be submitted to the committee for consideration in February.

- (ii) With regard to the risks around Transformation, it was noted that there were a few areas in Children & Family Services where there was a risk that the savings targets would not be achieved on time. However, this was not a risk to the overall achievement of the Transformation Programme.
- (iii) In response to a question regarding the impact of academy and secondary age conversion on home to school transport policy the Committee was assured that there were now policies in place and the issue had been moved to a departmental level.

RESOLVED:

- (a) That the current status of the strategic risks and the addition of new risks facing the Council be noted;
- (b) That officers be requested to provide a presentation on the risk associated with the ability to deliver savings and efficiencies through service redesign and transformation as required in the MTFS at the next meeting of the committee;
- (c) That the updated Corporate Risk Register attached as Appendix A to the report be approved;
- (d) That the principles of the CIPFA Code of Practice on Counter Fraud (2014) be adopted in support of the Council's initiatives to improve further the prevention and pursuit of fraud.

27. Regulation of Investigatory Powers Act 2000 (RIPA).

The Committee considered a report of the County Solicitor on the Authority's use of the Regulation of Investigatory Powers Act 2000. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

RESOLVED:

- (a) That it be agreed that the Policy Statement remains fit for purpose;
- (b) That it be agreed that the Committee will continue to receive quarterly reports on the use of RIPA powers and to report to the Cabinet on an annual basis on both the use of RIPA powers and whether the Policy remains fit for purpose in order to fulfil the statutory obligations placed on the County Council.

28. Quarterly Treasury Management Report.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to update the Committee on the actions taken in respect of treasury management in the quarter ending 30 September 2014. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

It was noted that outstanding debts to the County Council were summarised in the Statement of Accounts.

Some concern was expressed that the interest rate of 8.4% on loans to small and medium sized Leicestershire companies was too high. However, the Committee was advised that this was an average figure for the market and set on a commercial basis, not by the Authority. No company was required to take the loan if they did not find the rate of interest acceptable. The risk of default played a large part in the rate being at 8.4%.

RESOLVED:

That the content of the report be noted.

29. Recommended Change to Treasury Management Policy in Respect of the Lending of Surplus Balances.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to seek the views of the Committee about recommended changes to the method by which the acceptability of counterparties to whom surplus balances could be lent was decided. A copy of the report is filed with these minutes.

The Chairman welcomed Dan Wilson from Capita to the meeting for this item.

It was noted that if a counterparty was declared bankrupt, the County Council would lose its investment with the exception of what could be recovered through legal processes. The Committee was advised that credit rating agencies had learnt lessons from the financial crisis in 2008/09 and were now more effective and quicker to downgrade banks. Capita's decisions regarding counterparties were based on whether the level of risk and rate of return equated, as well as looking at the market's views on risk.

Members acknowledged that the current list of counterparties was too small. Although there was risk involved in widening the list, it was hoped that sufficient assurances were in place to provide mitigation. The Committee wished to see the list of counterparties being closely monitored to ensure that the Council was not exposed to unnecessary risk.

Some members suggested that, when considering the change to the list of counterparties, the Cabinet should also give consideration to developing an ethical banking policy, for example to ensure that the County Council was not investing in oppressive regimes. It was acknowledged that there would be difficulties involved in defining ethical limitations.

RESOLVED:

(a) That the content of the report be noted;

(b) That the comments now made be referred to the Cabinet for consideration.

30. Quarterly Internal Audit Service Progress Report.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to give a summary of the Internal Audit Service work and provide an update on the investigation into the former Leader of the County Council, Mr David Parsons. A copy of the report is filed with these minutes marked 'Agenda Item 12'.

The Committee noted that the time which Mr Parsons had been given to pay the balance owed had now run out and unless payment was made enforcement action would be taken. The County Solicitor was unable to provide more details on Mr Parson's ability to pay the money owed as this would introduce personal information. Whilst some Members hoped that the Authority could claim for the Officer time spent dealing with the matter, the County Solicitor informed that all of this money could not be reclaimed. The County Solicitor confirmed that he would write to the Committee to provide updates as appropriate before the next meeting.

RESOLVED:

That the content of the report be noted.

31. The Internal Audit Charter.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to seek the Committee's approval of the Internal Audit Charter and to provide an update on the development of the Internal Audit Service Quality Assurance and Improvement Programme. A copy of the report marked 'Agenda Item 13' is filed with these minutes. The external Auditor confirmed that the development of an Internal Audit Charter was in line with national guidance.

RESOLVED:

- (a) That the Internal Audit Charter, attached as Appendix 1 to the report, be approved;
- (b) That the progress with the development of a Quality Assurance and Improvement Programme be noted.

32. Annual Governance Statement 2014 - Update Against Key Improvement Areas.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide a mid-year update to the Committee on those areas identified for improvement included within the County Council's 2013/14 approved Annual Governance Statement.

RESOLVED:

That the report and progress detailed in the Appendix to the report be noted.

33. Dates of future meetings.

RESOLVED:

That the next meeting of the Committee be held on Friday 20 February 2015.

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

There were no other items which the Chairman decided to take as urgent.

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