



Minutes of a meeting of the Corporate Governance Committee held at County Hall, Glenfield on Friday, 22 September 2017.

PRESENT

Mr. W. Liquorish JP CC (in the Chair)

Mr. D. C. Bill MBE CC  
Mr. T. Gillard CC  
Mr. D. Jennings CC  
Mr. J. Kaufman CC

Mr. J. T. Orson JP CC  
Mr. T. J. Richardson CC  
Mr. S. D. Sheahan CC  
Mr. J. Morgan CC

17. Minutes of the previous meeting.

The minutes of the meeting held on 26 May 2017 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 by members.

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 in respect of items on the agenda.

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

Mr. D. Jennings CC declared a personal interest in item 6: External Audit of the Statement of Accounts, Annual Governance Statement and Pension Fund Accounts as he was Chairman of the Local Government Superannuation Board.

Mr. J. T. Orson JP CC declared a personal interest in item 8: Risk Management Update as there were Ash trees on land that he owned.

Mr. T. J. Richardson CC declared a personal interest in item 9: Quarterly Treasury Management Report as he was in receipt of a pension from Lloyds Bank.

22. External Audit of the Statement of Accounts, Annual Governance Statement and Pension Fund Accounts.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to set out the key findings from the external audit of the 2016/17 financial statements and to seek approval of the draft letter of representation. A copy of the report, marked 'Agenda Item 6', is filed with these minutes.

The Chairman welcomed Mr John Cornett and Mr Daniel Hayward from KPMG, the Council's external auditors, to the meeting. Mr Cornett requested that officers of the County Council be thanked for their assistance during the external audit work.

It was noted that the accounts for 2017/18 would have to be approved earlier than in previous years and the auditors were of the opinion that the Council was well placed to achieve this target as it had produced the draft statements for 2016/17 by the earlier deadline this year.

In response to a question from a Member regarding the figures for the level of reserves on page 29 of the Agenda pack it was explained that as at 31 March 2017 the General County Fund was £25.8 million, the Earmarked Revenue Reserves were £109.4 million and the Capital Reserves were £21 million.

RESOLVED:

That the External Audit of the Financial Statements and the letter of representation to KPMG be approved.

23. Appointment of External Auditor 2018-19 - Update.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide an update on arrangements for appointing the County Council's external auditor for 2018/19. A copy of the report, marked 'Agenda Item 7', is filed with these minutes.

In response to questions from Members it was explained that the costs to the County Council would be the same whichever external auditor was allocated to the Council and the fees were set by Public Sector Audit Appointments Limited (PSAA). In considering which auditors to allocate to which Authority the PSAA took into account any conflicts of interest and whether specific auditors already had working arrangements with particular authorities. Reassurance was given that all the auditors on the list should be qualified to audit an organisation of the size of the County Council.

RESOLVED:

That the proposed auditor appointment of Mazars LLP be noted and the proposed response to the consultation be approved.

24. Risk Management Update.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide an overview of key risk areas and the measures being taken to address them. A copy of the report, marked 'Agenda Item 8, is filed with these minutes.

The Committee also received a presentation on the risk that the County Council and partners did not have the capacity to meet the expected increase in demand caused by the Welfare Reform Act 2012 and the Welfare Reform and Work Act 2016 as per risk 2.3 on the Corporate Risk Register. A copy of the slides forming the presentation is filed with these minutes.

#### Presentation – Welfare Reform

Arising from the presentation the following points were noted:

- (i) There had been concern that the welfare reforms would result in an increased demand on social care packages, and also concerns that whilst the aim of the reforms was to encourage claimants to find employment in reality they would struggle to enter the employment market and therefore have a reduced income. However, to date there was no evidence that either of these concerns had become reality. There had not yet been an increase in demand for social care therefore the risk had been reduced from a high level to medium. Monitoring of the impact of the welfare reforms would continue to take place. Work was planned to take place to further assess the impact of the welfare reforms on young people, families and disabled adults to determine the authority's policy approach.
- (ii) Melton Borough had seen evidence of reduced rent collection. There had also been a reduction in private landlords who were amenable to housing people on welfare benefits.
- (iii) The new benefit payment system was now in place in half of the Districts in Leicestershire.
- (iv) The benefits application process was now completely online. The Citizens Advice Bureau had seen a large increase in claimants seeking assistance to make appeals regarding their claims.

#### Corporate Risk Register

Arising from discussions the following points were noted:

- (v) A Member raised concerns regarding potential reputational damage resulting from Risk 10.1 relating to the absence of a depot in the North East of the County and the short timescale before the lease for the County's depot south of Melton expired in October 2019.
- (vi) In response to a Member raising concerns about wooden cladding of schools the Director of Corporate Resources reassured that the cladding of County Council schools was being reviewed and when the government tested each type of cladding and published the results the Council's own stock was checked in line.
- (vii) Members suggested that more information on the risks of Ash dieback should be circulated to all Members of the County Council including details on where the Ash trees in the County were situated. The Director of Corporate Resources agreed to give consideration to the best method of publicising this information and stated that a map was in existence which set out the location of the trees.

## RESOLVED:

- (a) That the contents of the report and presentation be noted;
- (b) That the current status of the strategic risks and emerging risks facing the Council, as detailed in the report and the Corporate Risk Register, be noted;
- (c) That the updated Corporate Risk Register be approved;
- (d) That a presentation be provided at the next meeting of the Committee on buildings fire risk management.

25. Quarterly Treasury Management Update.

The Committee considered a report of the Director of Corporate Resources which set out the actions taken in respect of treasury management in the quarter ended 30 June 2017. A copy of the report, marked Agenda Item 9 is filed with these minutes.

## RESOLVED:

That the contents of the report be noted.

26. Proposed Changes to the Contract Procedure Rules.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to outline the operation of the Contract Procedure Rules between 1 July 2016 and 30 June 2017, actions taken to continue to ensure compliance with the Rules and to propose revisions to those Rules. A copy of the report, marked 'Agenda Item 10', is filed with these minutes.

In response to a question from a Member regarding an approved contract extension it was explained that the County Council had a contract for insurance brokerage services with Aon which enabled the Council's insurance department to put in place insurance for schools and the Council was able to receive an income from this.

## RESOLVED:

- (a) That the contents of the report on the operation of the Contract Procedure Rules between 1 July 2016 and 30 June 2017 be noted;
- (b) That the County Council be recommended to approve the proposed amendments to the Contract Procedure Rules as set out in Appendix B to the report;
- (c) That the Director of Corporate Resources be granted delegated authority to revise the value threshold currently stated as £164,176 contained within Rule 6 (Exceptions) Rule 11 (Procurement exercise process), Rule 19 (Irregular Tenders), Rule 20 (Receipt and opening of tenders) and Rule 32 (Early termination) in the proposed Contract Procedure Rules to align with the new EU thresholds coming into force in January 2018.

27. Ombudsmen Annual Review and Corporate Complaint Handling 2016/17

The Committee considered a joint report of the Chief Executive and the Director of Corporate Resources, the purpose of which was to advise Members of the Ombudsman Annual review letter for the Authority for 2016/17 and to provide an update on improvements to the Corporate Complaints procedures. A copy of the report, marked 'Agenda Item 11', is filed with these minutes.

Arising from discussions the following points were noted:

- (i) Members were appreciative of how the detail for each of the 16 upheld complaints was set out in the report. It was noted that the complaints were focused around three main themes; school admissions, records keeping in adult safeguarding, and Transport. The complaints relating to school admissions regarded delays in holding Appeal Panels and subsequently the procedures had been reviewed and Appeal Panels would now be held earlier. A Member asked how the number of complaints received for Leicestershire County Council compared with neighbouring authorities and the Director of Corporate Resources agreed to provide this information to Members.
- (ii) The remedy payments relating to complaints for 2016/17 came to a total of £1920 and the maximum payment for a single complaint had been £500.
- (iii) There was a protocol in place regarding vexatious complainants which limited the obligation of officers to respond to those certain individuals that had made the complaints. It was noted that the number of vexatious complainants was very small.
- (iv) A Member suggested that lessons should be learned from the Ombudsman's Annual Review letter and in future more proactive reviews of systems should be carried out by officers. The Member stated that it was important to identify where complaints were as a result of individual error and where they related to systems that were in place and if they were as a result of the latter consider whether additional resource was required to improve those systems.

RESOLVED:

That the contents of the report be noted.

28. Annual Report from the Director of Law and Governance on the operation of the Members' Code of Conduct and arrangements for dealing with complaints.

The Committee considered a report of the Director of Law and Governance, the purpose of which was to provide an annual overview of the operation of the Members' Code of Conduct. A copy of the report, marked 'Agenda Item 12', is filed with these minutes.

RESOLVED:

That the report be noted.

29. Internal Audit Service Progress Report.

The Committee considered a report of the Director of Corporate Resources which summarised the work of Leicestershire County Council's Internal Audit Service (LCCIAS)

finalised since the last report to the Committee and highlighted audits where high importance recommendations had been made to managers. A copy of the report, marked 'Agenda Item 13', is filed with these minutes.

RESOLVED:

That the contents of the report be noted.

30. Dates of future meetings.

It was noted that as the accounts for 2017/18 would have to be approved earlier than in previous years and consideration would need to be given to the External Audit of the 2017/18 Statement of Accounts by the Committee in late July 2018 then the proposed dates for Corporate Governance in 2018 were not suitable.

RESOLVED:

That officers propose a new set of dates for 2018 taking into account that a meeting of the Corporate Governance Committee would need to take place in late July.

10.00 - 11.30 am  
22 September 2017

CHAIRMAN