



Minutes of a meeting of the Corporate Governance Committee held at County Hall, Glenfield on Monday, 29 January 2018.

PRESENT

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

Mr. G. A. Boulter 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. D. Slater CC

48. Minutes of the previous meeting.

The minutes of the meeting held on 17 November 2017 were taken as read, confirmed and signed.

49. Question Time.

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

50. Questions asked by members.

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

51. Urgent items.

There were no urgent items for consideration.

52. 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. 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.

53. External Audit Plan 2017/18 and update on External Auditor Appointment 2018/19.

The Committee considered a report of the Director of Corporate Resources which presented the External Audit Plan 2017/18 and provided an update on the External Auditor appointment for 2018/19. A copy of the report, marked 'Agenda Item 6', is filed with these minutes.

The Chairman welcomed John Cornett of KPMG, the County Council's external auditors for 2017/18, to the meeting.

Arising from discussions the following points were noted:

- (i) Clarification was given that the consequences of missing the deadline for closing the accounts were mainly reputational damage and an increased fee which would be payable to the external auditors for the delay.
- (ii) John Cornett reassured Members that if any material misstatements were identified during the course of the audit the Corporate Governance Committee would be informed.
- (iii) It was noted that the Pension Fund invested in a range of assets and funds, some of which were inherently harder to value due to there being no publicly available quoted prices. Members asked for clarification on the proportion of Pension Fund assets and funds which were hard to value and John Cornett agreed to provide this information after the meeting. John Cornett clarified that in his view it was not the role of an external auditor to propose the proportions of different types of investments.
- (iv) Clarification was given that it was normal practice for an external auditor to be appointed for a term of five years.

RESOLVED:

That the contents of the report be noted.

54. Information Commissioner's Office inspection and General Data Protection Regulations Update.

The Committee considered a report and presentation of the Director of Corporate Resources which provided an update on the Information Commissioner's Office audit of Leicestershire County Council and the Council's preparations for implementing the General Data Protection Regulations (GDPR). Copies of the report, marked 'Agenda Item 7', and the presentation slides are filed with these minutes.

Arising from discussions the following points were noted:

- (i) A Member noted that the GDPR could have an impact on the work of the Local Government Pension Board and asked that officers that dealt with the Board be made aware.
- (ii) Further details were given on the 97 recommendations that the ICO made in their report for Leicestershire County Council to follow up on. These ranged from complex tasks such as the creation of an Information Asset Register to more straightforward tasks such as amendments to logos on documents. Reassurance was given that the Director of Corporate Resources was confident that the recommendations would be implemented by May 2018 including the Information Asset Register though this would be the one that took the longest. Key Performance Indicators to assist data protection compliance were being put in place.
- (iii) In response to concerns that, as identified by the ICO in their report, only 63% of Leicestershire County Council staff had received the Data Protection & Information Security training, it was clarified that not all Council staff had online access to a

council network computer and therefore the training was being delivered to them in person at briefing sessions which took longer. The figure for staff having completed the training was now at 70%. Reassurance was given that the majority of staff who processed personal information as part of their job had completed the training. It was planned to have an annual refresh of the training in future.

- (iv) A briefing for Members on the GDPR would take place in March 2018.

RESOLVED:

That the contents of the report and the presentation be noted.

55. 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.

Arising from discussions the following points were noted:

- (i) A Member noted that the Corporate Risk Register did not contain any reference to the risks around backpay that was required to be payed to care provider staff that had carried out 'sleeping in' duties. The Director of Corporate Resources suggested that this risk might be on the Adults and Communities Departmental Risk Register rather than the Corporate Risk Register and he agreed to check after the meeting.
- (ii) With regard to Risk 4.1: 'If the authority does not obtain the required value and level of performance from its providers and suppliers then the cost of services will increase and service delivery will be impacted', reassurance was given that checks were conducted to ensure contractors were financially resilient before contracts were signed and credit ratings were taken into account. References were sought and checks were undertaken to ensure that the company was of an appropriate size for the value of the contract.
- (iii) Concerns were raised regarding Risk 7.1: 'If sickness absence is not effectively managed then staff costs, service delivery and staff wellbeing will be impacted and it was questioned exactly how much staff sickness costs the authority.' The Director of Corporate Resources acknowledged that sickness rates within the authority were too high and provided reassurance that the Council's Corporate Management Team and the Employment Committee were giving consideration to the best ways to tackle the problem.
- (iv) With regard to Risk 11.1: 'If the Authority fails to respond and manage Ash dieback at a local level then it could be exposed to financial, reputational, and environmental consequences' reassurance was given that there was an action plan in place and any measures to tackle the problem were being funded corporately.
- (v) Insurance claims against the Council relating to road repairs were robustly defended. A Member briefing was being scheduled to cover highway assets.

RESOLVED:

- (a) That the contents of the report be noted;

- (b) That the current status of the strategic risks and emerging risks facing the Council, as detailed in the report, be noted;
- (c) That the good performance in recent insurance claims audits and the increase in claims handling authority be noted;
- (d) That the revised Risk Management Policy Statement and Strategy be noted;
- (e) That a presentation and report be provided for the next meeting of the Committee on Risk 1.4: If claims relating to uninsured risks materialise or continue to increase then LCC will need to find increased payments from reserves, impacting on funds available to support services.

56. 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 31 December 2017. A copy of the report, marked 'Agenda Item 9' is filed with these minutes.

Arising from discussions the following points were noted:

- (i) The Government had been looking into whether it was appropriate for authorities to purchase property and make investments outside of the geographical area covered by that authority and guidance had been issued in this regard. It had also been clarified that it was illegal to borrow in advance of need. Reassurance was given to Members that the majority of Leicestershire County Council's property investments were within the County therefore there would be little impact on Leicestershire County Council as a result of the Government's new guidance.
- (ii) As part of its loan portfolio Leicestershire County Council had lent £30 million to other local authorities which included a £10 million loan to Northamptonshire County Council. Reassurance was given that the likelihood of Northamptonshire County Council defaulting on the loan was very small and in order to reduce the risk of default Leicestershire County Council did not lend to any authority for more than 12 months. Whilst credit ratings were not available for local authorities, all available information was taken into account when making decisions on which authorities to lend to. It was confirmed that currently there were no loans with Cornwall Council.

RESOLVED:

That the contents of the report be noted.

57. Treasury Management Strategy and Annual Investment Strategy 2018/19

The Committee considered a report of the Director of Corporate Resources which presented the Treasury Management Strategy Statement and Annual Investment Strategy 2018/19. A copy of the report, marked 'Agenda Item 10', and a supplementary agenda pack which contained the Treasury Management Strategy Statement and Annual Investment Strategy 2018/19 are filed with these minutes.

RESOLVED:

That the Treasury Management Strategy Statement and Annual Investment Strategy 2018/19 be noted.

58. 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 11', is filed with these minutes.

Clarification was given around the investigation referred to in Appendix 1 relating to concealing assets in social care calculations. It was noted that it was a nationwide matter and not unusual for families of service users to transfer assets to a family member so as not to be taken into account in a service user's financial means testing. The Director of Corporate Resources explained that it was difficult to categorise this as fraud and it was a matter for social security adjudication.

RESOLVED:

- (a) That the contents of the report be noted;
- (b) That the preferred approach to receiving an external quality assessment of the Internal Audit Service be noted.

59. Date of next meeting.

RESOLVED:

That the next meeting of the Committee be held on 27 April 2018 at 10:00am.

10.00 - 11.15 am
29 January 2018

CHAIRMAN

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