



Minutes of a meeting of the Corporate Governance Committee held at County Hall, Glenfield on Friday, 22 September 2023.

PRESENT

Mr. T. Barkley CC (in the Chair)

Mr. N. D. Bannister CC
 Mr. G. A. Boulter CC
 Mr. B. Champion CC
 Mr. G. Grimes (Independent Member)

Mr. A. Maxwell (Independent Member)
 Mr. J. T. Orson CC
 Mr. T. J. Richardson CC

18. Minutes of the previous meeting.

The minutes of the meeting held on 26th May 2023 were taken as read, confirmed and signed.

19. Question Time.

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

20. Questions asked by members.

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

21. Urgent Items

There were no urgent items for consideration.

22. 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. The following declarations were made:

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

Mr G. Grimes declared a registerable interest in agenda item 8 (Annual Report on the Operation of the Members' Code of Conduct 2022/23) as he was an independent member for the County Council supporting the Member Conducts Complaints process.

23. Presentation of Petitions.

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

24. Insurance Service - Annual Report 2022-23

The Committee considered a report of the Director of Corporate Resources which set out work conducted by the Insurance Service during 2022-2023. A copy of the report marked Agenda Item 7 is filed with these minutes.

In presenting the report and in response to a question raised, the Director confirmed that the following terms included in the appendix had the following meaning:

- EL – Employer liability
- PL – Public liability
- OI – Officials Indemnity

Arising from discussion the following points arose:

- (i) The amount paid to meet claims had not been included in the report as this was commercially sensitivity and, in any event, did not provide a clear picture, as some cases concluded during the period had been ongoing for some years. To provide some extra clarity, the Director undertook to present details of the actuarial review at the next meeting of the Committee.
- (ii) Repudiation of highways claims at 93% was positive but a member questioned if the Council was being fair to residents in such cases. It was confirmed that such claims mostly related to damage caused by potholes. It was noted that each claim followed a rigorous process set out in law and the Insurance Service worked closely with departments to ensure claims were being assessed and determined correctly and fairly.
- (iii) The statute of limitations applies in respect of many types of insurance claim cases such as debt recovery, personal injury and negligence. However, this did not always apply, or the timelines were more generous where claims related to, for example, a child abused while in the Council's care.

RESOLVED:

- (a) That the Insurance Service annual report for 2022-23 be noted;
- (b) That the Director be requested to provide a further update regarding the outcome of the actuarial review conducted by Arthur J Gallaghers Insurance Brokers Ltd at a future meeting of the Committee.

25. Annual Report on the Operation of the Members' Code of Conduct 2022/23

The Committee considered a report of the Director of Law and Governance regarding the operation of the Members' Code of Conduct in accordance with the decision of the Committee in September 2012. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

Arising from discussion the following points were made:

- (i) Mr Grimes, who was also an independent person appointed by the Council to support the Council's Member Conduct Process said that the addition of the Independent Persons Protocol would be welcome and would provide added clarity to the Council's current complaints handling process.
- (ii) A Member questioned if there were any proposals to reintroduce sanctions for members found to have breached the Code. The Director advised that whilst there had been a review by the Committee on Standards in Public Life in 2019 making such a recommendation, there did not at present appear to be any plans by the Government to implement these.
- (iii) It was suggested that as the terms of office for the current appointed independent persons would all expire at the same time (September 2024), consideration be given to staggering the appointments in future to ensure some degree of continuity.
- (iv) Maintaining Member confidentiality was necessary in line with the Council's process. Details of complaints made were not made public until a matter was referred to the Member Conduct Panel for a hearing. It was noted that some complaints received could be unsubstantiated or malicious or personal in nature. To provide assurance that complaints were being properly handled, the Director confirmed that, as previously agreed by the Committee such details were shared with the Chairman, Vice Chairman and Spokesperson of this Committee annually and on a confidential basis.

RESOLVED:

- (a) That the report on the operation of the Members Code of Conduct during 2022/23 be noted;
- (b) That the proposed addition of the Independent Persons Protocol to the Council's Member Conduct Complaint Handling Process be supported;
- (c) That the Director of Law and Governance be requested to consider whether there is any merit in staggering the appointments of the Independent Persons to ensure some degree of continuity.

26. Risk Management Update

The Committee considered a report of the Director of Corporate Resources which presented the Corporate Risk Register for approval including the emerging risk relating to reinforced autoclaved aerated concrete (RAAC) and provided an update on HM Government National Risk Register 2023 edition and Counter Fraud. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

Arising from discussion, the following points arose:

- (i) A member questioned how the duplicate payment of £900 to a barrister had occurred noting the usually robust payment system in place. The Director undertook to clarify the circumstances which had led to the error after the meeting.
- (ii) Members noted that the Council's charging policy had been reviewed in light of the legal decision made against Norfolk County Council which related to the way it had calculated the charges to be paid by persons with a disability for their social care

and support. Its charging policy was found to be discriminatory. Members were reassured that the review of the County Council's charging policy had identified no such issues, but that the position would be kept under review.

- (iii) An Independent Member questioned what progress was being made to deliver the Transforming Special Educational Needs and Disability (SEND) in Leicestershire Programme to address the risk of rising demand and the increasing high needs block deficit. It was noted that the Council's Children and Families Overview and Scrutiny Committee monitored the Departments progress in delivering this programme and the Director undertook to provide details of recent reports it had considered on this issue for information. It was suggested that this might also be a useful topic for a future risk presentation.
- (iv) Whilst the Council was operating in line with Government policy in providing SEN services, this posed significant risk to the Council's overall financial position. The high needs block allocated by Government did not meet the level of demand faced and the budget deficit continued to rise. It was suggested that to better quantify the risks faced, the risks to the Council's overall budget should be separated from service delivery risks. The Director undertook to review the register in light of the comment now made.
- (v) In response to questions raised, it was noted that the risks relating to unaccompanied asylum seeking children (risk 1.9 on the register) and the number of challenges to the Council's Brief Assessments was on an upward trend. As children arrived in groups, this placed significant pressure on the service to react quickly.

RESOLVED:

- (a) That the current status of the strategic risks facing the County Council be approved;
- (b) That the Director be requested to:
 - (i) clarify the circumstances which led to the duplicate payment of £900 to a barrister;
 - (ii) provide a copy of the recent report considered by the Children and Families Overview and Scrutiny Committee on progress against delivery of the Council's Transforming SEND in Leicestershire Programme;
 - (iii) review the Risk Register and consider separating the service delivery and budget related risks arising from increasing SEND demand pressures;
 - (iv) consider providing a presentation focused on the risks arising from SEND service and budget pressures at a future meeting.
- (c) That a presentation be provided at the next meeting on risks related to Property and Occupants Risk Management in light of the emerging risk relating to Reinforced Autoclaved Aerated Concrete (RAAC).
- (d) That the updates now provided on emerging risks (RAAC), HM Government National Risk Register 2023 edition and Counter Fraud be noted.

27. Update on Audit Delays and Public Sector Auditor Appointments Consultation on 2023/24 Audit Fees

The Committee considered a report of the Director of Corporate Resources which provided an update on the action the Government and other key partners are taking to address national issues with the backlog of local government audit opinions, and the Public Sector Auditor Appointments (PSAA) consultation on audit fees for 2023/24. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

Arising from discussion, the following points were made:

- (i) Members raised concerns about the 115% increase in the external auditor's fees and commented that strong representations should be made to Government in response to its PSAA consultation about this and the need for additional funding to cover such increased costs. Members noted that the rise was in part due to the extra work now required to be undertaken to address more stringent and complex requirements applied by Government.
- (ii) A Member commented that external auditor reports had now become so complex given the reporting standards applied which were not always appropriate for county councils. The reports were now difficult for the public to follow and so did not aid transparency as regards the Council's processes. It was suggested that whilst the Council was a complex organisation, a simpler form of reporting would be more beneficial for the public and members needing to oversee these.
- (iii) Members commented that the system of external audit was currently broken and radical change was needed to address this. A Member further commented that those authorities that had issued a section 114 notice had been audited and no issues raised. This affected public confidence in the system.

RESOLVED:

- (a) That the update now provided be noted.
- (b) That the Council's posed response to the PSAA consultation on the audit fee scale for 2023/24 be supported subject to the Director being requested to take account of the comments now made.

28. Internal Audit Service - Progress and Plans

The Committee considered a report of the Director of Corporate Resources which provided a summary of work undertaken during the period 8 May to 8 September 2023 and set out progress with implementing high importance recommendations as of 8 September 2023. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

When presenting the report and in response to questions raised, the Director explained that work to aid the unplanned investigation into the misuse of Council systems and potential fraud concerning a Council employee within the Corporate Resources Department, reference to 'advice complete' meant that disciplinary proceedings had been

completed and that lessons learnt from the incident had been shared and new controls introduced which had now been tested.

In response to a question raised, the Director confirmed that the Service had now recruited to all vacancies and had been stable for the last 12 months. Whilst there were pressures, all audit work requirements were being managed at the current time.

RESOLVED:

That the contents of the routine update on the work of the Internal Audit Service between 8 May to 8 September, and progress with implementing high importance recommendations as of 8 September 2023 be noted.

29. Quarterly Treasury Management Report

The Committee considered a report of the Director of Corporate Resources which provided an update on the actions taken in respect of treasury management for the quarter ending 30th June 2023 (quarter 1). A copy of the report marked 'Agenda Item 12' is filed with these minutes.

The Members commended officers for responding to current market conditions and taking the opportunity to reprofile some of the Council's long-term debt now that the circumstances meant this was worthwhile.

RESOLVED:

That the action taken in respect of treasury management for the quarter ending 30th June 2023 (quarter 1) be noted.

30. Date of next meeting.

RESOLVED:

That the next meeting of the Committee be held on Friday, 17th November 2023 at 10.00am.

10.00 am – 11.13 am
22 September 2023

CHAIRMAN