



Minutes of a meeting of the Corporate Governance Committee held at County Hall, Glenfield on Friday, 6 December 2024.

PRESENT

Mr. T. Barkley CC (in the Chair)

Mr. N. D. Bannister CC  
Mr. G. A. Boulter CC

Mr. J. G. Coxon CC  
Mr. T. J. Richardson CC

1. Minutes.

The minutes of the meeting held on 16 September 2024 were taken as read, confirmed and signed.

2. Question Time.

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

3. 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).

4. Urgent Items.

There were no urgent items for consideration.

5. 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.

Mr T. Richardson CC declared a Non Registerable Interest in agenda item 15 (Quarterly Treasury Management Report) as he was in receipt of a pension from Lloyds Bank Plc.

6. Presentation of Petitions under Standing Order 35.

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

7. Change to the Order of Business

The Chairman sought and obtained the consent of the Committee to vary the order of business from that set out on the agenda.

8. External Audit of the 2023/24 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 present the interim External Auditor's Annual Report for 2023/24, a progress update on the external audit of the Council's 2023/24 financial Statements, and the interim Audit findings report of the Leicestershire County Council Pension Fund accounts. A copy of the report marked 'Agenda Item 8' is filed with these notes.

Arising from discussion, the following points were made:

- (i) Members welcomed the report that had not identified any significant weaknesses. Eight improvement recommendations had been identified but some of these linked to arrangements already in place, suggesting that these continue. It was recognised that the Council was in a financially challenging place but that this was not dissimilar to all other local authorities.
- (ii) The Dedicated Schools Grant (DSG) deficit was significant and expected to grow which would have a sizeable impact on the County Council if the current statutory override were to come to an end. The External Audit confirmed, however, that the Council's approach to stabilise the position was good, and the audit had recognised that the Council's reserves could mitigate this to some degree without immediate real financial difficulties. This was not the case for many other authorities in a similar position.
- (iii) A Member questioned how the Council was seeking to learn from what other authorities were doing to address their DSG deficit. It was noted that the Council had its own SEND transformation programme which was being delivered with external support that provided a wider view of the problems faced and how these might be addressed. It was also part of the Government's Delivering Better Value for SEND which provided insight into what other authorities were doing nationally.
- (iv) A member commented that whilst the Council was the lowest funded it was rated the most productive and suggested that this was not reflected within the audit report. It was noted that the Audit could not make comparisons between different authorities approaches to achieving value for money.

RESOLVED:

- (a) That the Auditor's Annual Report for 2023/24 be noted;
- (b) That the Pension Fund Letter of Representation be approved.

9. Terms of Reference

The Committee considered a joint report of the Director of Corporate Resources and the Director of Law and Governance, the purpose of which was to present the revised Terms of Reference for the Committee for approval. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

A Member commented that to ensure the Committee was able to undertake its duties across all areas that fell within its remit as outlined in the terms of reference, it would be important to ensure all new members appointed following the local elections in May 2024 received proper training. It was noted that induction training was compulsory for new members of the Committee and that this was required to be completed before members attended their first meeting. Further training would then be provided as appropriate.

#### RESOVLED:

That the Terms of Reference for the Committee as set out in the Appendix to the report, be approved.

#### 10. Risk Management Update

The Committee considered a report of the Director of Corporate Resources the purpose of which was to present the Corporate Risk Register for approval and to provide an update on Counter Fraud initiatives and the launch of the Cyber Assessment Framework for local government. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

As part of this item, the Committee also received a presentation from the Head of People Services regarding the risks related to recruitment pressures and the costly use of agency staff. A copy of the presentation slides is filed with these minutes.

Arising from discussion, the following points were made:

#### Presentation

- (i) The shortage in staff particularly in children's social care, was a national problem and authorities were competing for the same resources, offering different types of incentives to encourage recruitment. The County Council was seeking to position itself in the middle of the pack and so did not seek to offer higher salaries than other authorities. However, it did emphasise other benefits offered and the Leicestershire brand and culture of the organisation as a high performing County Council.
- (ii) Members noted that new agency social work rules were due to come into force to address longstanding challenges in this sector which would include a cap on what agencies could charge local authorities for agency social workers. It was hoped that this would result in a shift in the market with some agency staff choosing to move back to work directly for local authorities which offered wider employment benefits.
- (iii) A Member questioned what was being done to address the pressures around SEND and delays in the completion of education and health care plans which stemmed, in part, from the limited availability of educational psychologists. The Director undertook to provide more information on work being undertaken by the Children and Family Services Department to address this pressure after the meeting.
- (iv) It was noted that as workforce costs increased, the Council had to find new ways of working which often reduced the Council's ability to give the same level of

personal service that might have been provided in the past with named officers allocated to provide support to specific service areas and to external partners.

- (v) A Member commented on the need for the Council to 'grow its own' workforce through apprenticeships and questioned if opportunities were being missed because recruitment relied too heavily on graduates. The Director reported that the Council was good at recruiting to roles that required a degree qualification. However, entry level recruitment was where much of the Council's efforts were being targeted, apprenticeships being a key part of this. This had been particularly successful in the Environment and Transport and Public Health Departments and lessons were being shared to expand this across other departments. The Director further advised that work was being undertaken with Departments where recruitment was proving difficult to seek to redesign roles to better support a wider recruitment approach.
- (vi) A Member questioned if, given that a third of the Council's workforce was within 10 years of retirement age, artificial intelligence (AI) might be part of the solution to address this in the future. It was noted that whilst AI was being used to reduce some of the administrative burden placed on officers, it was not seen as a solution to addressing possible gaps in knowledge and areas of specialism and expertise at the current time.

### Report

- (vii) Work to raise awareness of cyber security, particularly within maintained schools was welcomed.
- (viii) A Member raised concern at the number of adult social care providers that had exited the market. It was suggested that changes to national insurance payments would likely have a further impact on the sector. The Director explained that the Council each year assessed its fees for adult social care and the national living wage and national insurance payments were taken into account as part of that process. The Council's fee rates were also compared against other local authorities and overall sufficiency in the market. Members were reassured that at the current time, whilst some providers were leaving the market, others were joining.
- (ix) Provision would be made in the MTFS to cover additional costs arising from the rise in national insurance. For adult social care, some of these costs would be passed to providers as the Council sought to cover its direct costs so far as reasonably possible. However, as current grant allocations were not sufficient the Council would need to make up the shortfall. Members noted that this was a matter being monitored by the Council's Adults and Communities Overview and Scrutiny Committee.
- (x) A Member suggested that risk 7.3 regarding developing and maintaining a stable, sustainable and quality social care market, should also reference the lack of nursing funding provided by the NHS, which was having a particular impact in Leicestershire, this being something the NHS funded in other areas. The Director undertook to liaise with the Director of Adults and Communities to review this risk.
- (xi) Members noted that whilst not meeting current targets, the Council's sickness absence levels were reasonably good when compared to other local authorities.

Members were reassured that this was regularly reviewed by managers and at senior and chief officer level and regular reports taken to the Council's Employment Committee.

RESOLVED:

- (a) That the status of the strategic risks facing the County Council be approved;
- (b) That risk 7.3 regarding developing and maintaining a stable, sustainable and quality social care market, be reviewed with the Director of Adults and Communities to review this risk;
- (c) That the presentation on risks related to recruitment pressures and the costly use of agency staff be noted;
- (d) That the launch of the Cyber Assessment Framework for local government be noted and that a presentation be provided at the next meeting of the Committee regarding cyber security risks;
- (e) That the emerging risks and updates regarding counter fraud be noted.

11. Changes to Internal Audit Standards

The Committee considered a report of the Director of Corporate Resources the purpose of which was to provide information on forthcoming changes to Internal Audit Standards. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

It was noted that further details were needed before the impact of the new standards could be fully determined. In response to questions raised, the Head of Internal Audit confirmed that he was satisfied with the level of support provided by the Committee and with links with the Chairman of the Committee.

RESOLVED:

That work undertaken to respond to consultation on changes to internal audit standards be noted.

12. Internal Audit Service Progress against 2024-25 Audit Plans for Leicestershire County Council and East Midlands Shared Services

The Committee considered a report of the Director of Corporate Resources the purpose of which was to provide a summary of internal audit work undertaken during the period 1 September to 31 October 2024, an update on progress with implementing high importance recommendations as at 31 October 2024 and information on the reprioritisation of the Council Council's 2024-25 audit plan. The report also provided an update on the 2024-25 plan of audits for East Midlands Shared Services (EMSS) undertaken by Nottingham City Council Internal Audit. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

It was noted that options for the 2025/26 internal audit of EMSS by Nottingham City Council had been delayed and so would not be discussed at the Joint Committee meeting on 9 December as planned. The Director confirmed, however, that they were satisfied

work was being done to address this and that officers would continue to seek updates and keep the Committee informed.

A Member raised concerns regarding the impact of officer vacancies on the delivery of internal audit work. It was noted that the needs of the service were being reviewed and in the interim, agency staff would be used to fill the gap. The Head of Internal Audit undertook to provide a further update on the position in June 2025.

RESOLVED:

- (a) That progress on internal audit work undertaken during the period 1 September to 31 October 2024, the implementation of high importance recommendations and the re-prioritisation of the Leicestershire County Council 2024-25 Audit Plan be noted;
- (b) That the update on the Audit Plan for EMSS for 2024-25 and options for future years be noted;
- (c) That the Head of Internal Audit Service be requested to provide an update next summer regarding the impact of any ongoing staff vacancies within the audit team.

13. Progress Update on recommendations made within the Independent External Quality Assessment (EQA) of the Council's Internal Audit Service

The Committee considered a report of the Director of Corporate Resources the purpose of which was to provide an update in respect of progress made to deliver the recommendations made within the independent External Quality Assessment (EQA) of the Council's Internal Audit Service. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

RESOLVED:

That the draft EQA action plan, associated implementation dates and desire to regularly update the Committee regarding progress made be noted.

14. Local Government and Social Care Ombudsmen Annual Review 2023/24

The Committee considered a joint report of the Chief Executive and the Director of Corporate Resources, the purpose of which was to inform members of the Local Government and Social Care Ombudsman (LGSCO) annual review letter for the Authority for 2023/24, and to provide an update on improvements to the Local Authority's complaints procedures and effective complaint handling. A copy of the report marked 'Agenda Item 13' is filed with these minutes.

In response to a question raised, the Director confirmed that the level of payments made by the Council and as detailed in the report, were set by and in line with LGSCO guidelines.

RESOLVED:

That the contents of the report, the LGSCO's annual review letter and the update on complaints and FOI handling arrangements and improvements be noted.

15. Supplier Code of Conduct

The Committee considered a report of the Director of Corporate Resources the purpose of which was to advise of work undertaken to refresh the Council's Supplier Code of Conduct and to seek its support to the implementation of the refreshed Code with immediate effect. A copy of the report marked 'Agenda Item 14' is filed with these minutes.

RESOLVED:

- (a) That the work undertaken to refresh the Supplier Code of Conduct be noted;
- (b) That the revised Code attached as Appendix B to this report be approved with immediate effect;
- (c) That the Director of Corporate Resources be authorised to make minor amendments to the Code to ensure this remains fit for purpose.

16. Quarterly Treasury Management Report

The Committee considered a report of the Director of Corporate Resources the purpose of which was to provide an update on the actions taken in respect of treasury management for the quarter ending 30 September 2024 (Quarter 2). A copy of the report marked 'Agenda Item 15' is filed with these minutes.

RESVOLED:

That the actions taken in respect of treasury management for the quarter ending 30 September 2024 be noted.

17. Date of next meeting.

RESOLVED:

That the next meeting of the Committee be held on Friday, 24 January 2025 at 10.00am.

10.00 am - 12.02 pm  
06 December 2024

CHAIRMAN

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