



Minutes of a meeting of the Corporate Governance Committee held at County Hall, Glenfield on Monday, 23 June 2025.

PRESENT

Mr. M. Bools CC
Mrs. N. Bottomley CC
Mr. S. Bradshaw CC
Mr. S. L. Bray CC
Mr. K. Crook CC
Mrs. L. Danks CC
Mr. G. Grimes

Mr. A. Innes CC
Mrs. K. Knight CC
Mr. J. McDonald CC
Mr. J. Miah CC
Mr J. Poland CC
Mr. K. Robinson CC
Mrs D. Taylor CC

30. Election of Chairman.

It was proposed and seconded “that Mr. S. L. Bray CC be elected as Chairman”.

It was proposed and seconded “that Mr. K. Crook CC be elected as Chairman”.

In accordance with Standing Order 27(4) a secret ballot took place. The Chief Executive announced the results of the ballot as follows: 6 votes for Mr. Bray CC and 6 votes for Mr. Crook CC.

Mrs. D. Taylor CC joined the meeting at this point.

In accordance with Standing Order 27(5) a second secret ballot took place. The Chief Executive announced the results of the ballot as follows: 7 votes for Mr. Bray CC and 6 votes for Mr. Crook CC.

RESOLVED:

That Mr. S. L. Bray CC be elected Chairman of the Corporate Governance Committee until the date of the Annual Meeting of the County Council in 2026.

Mr. S. L. Bray CC – in the Chair

31. Election of Vice Chairman.

It was proposed and seconded “that Mr. J. Miah CC be elected as Vice Chairman”.

It was proposed and seconded “that Mr. K. Crook CC be elected as Vice Chairman”.

In accordance with Standing Order 27(4) a secret ballot took place. The Chief Executive announced the results of the ballot as follows: 7 votes for Mr. Miah CC and 6 votes for Mr. Crook CC.

RESOLVED:

That Mr. J. Miah CC be elected Vice Chairman of the Corporate Governance Committee until the date of the Annual Meeting of the County Council in 2026.

32. Minutes.

The minutes of the meeting held on 31 March 2025 were taken as read, confirmed and signed.

33. Question Time.

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

34. 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).

35. Urgent Items.

There were no urgent items for consideration.

36. 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.

No declarations were made.

37. Presentation of Petitions under Standing Order 35.

There were no petitions.

38. 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.

39. Dispensation for Elected Members.

The Committee considered a report of the Director of Law and Governance seeking a dispensation for all elected members, allowing them to take part in any discussion and vote on any matter relating to the office they hold at the County Council, for which they receive an allowance, or any office held outside the County Council, to which they have been appointed by the County Council and for which they also receive an allowance. It is proposed that the Committee grants the dispensation for a period of four years, ie the life of the Council period. A copy of the report marked 'Agenda Item 17' is filed with these minutes.

RESOLVED:

That the Committee grants a dispensation for a period of four years to all members of the County Council in relation to considering and voting on any matter as a result of an interest that may arise due to receiving an allowance from the County Council.

40. Annual Report of the Corporate Governance Committee 2024/25.

The Committee considered a joint report of the Director of Corporate Resources and the Director of Law and Governance which presented the draft annual report of the Corporate Governance Committee for 2024-25, prior to its submission to full Council in July. A copy of the report marked 'Agenda Item 18' is filed with these minutes.

RESOLVED:

That the Committee approves the draft annual report of the Corporate Governance Committee 2024-25 for submission to full Council in July 2025.

Following this item, the Chairman sought and obtained the consent of the Committee to adjourn the meeting to allow members to attend the Armed Forces Day ceremony.

41. Pension Fund External Audit Plan 2024/25.

The Committee considered a report of the Director of Corporate Resources which presented the external Audit Plan for the 2024/25 Leicestershire Pension Fund accounts. A copy of the report, marked 'Agenda Item 9' is filed with these minutes.

The Chairman welcomed Mr Grant Patterson and Ms Mary Wren from Grant Thornton LLP, the Council's external auditors, to the meeting to present the plan, including the identified significant risks.

It was noted that the detailed external audit work was due to be carried out between July and September 2025, with the final audit opinion being reported to the Committee by December 2025.

The proposed fee for the 2024/25 external audit was £98,470.

Arising from the discussion, the following points were made:

- (i) A member queried what the £11,000 overrun fees last year related to. Mr Patterson explained that this largely related to fee variations and although the fees had been agreed by the Public Sector Auditor Appointments (PSAA), certain work, for example ISA 135 (business processes), had not been incorporated into the original tender process. As a result, some of the overrun fee related to work that Grant Thornton would have had to undertake around this. It was noted that audit work around business processes had been incorporated into the fee for this year, along with work undertaken by property valuation experts and other derivatives.
- (ii) It was not anticipated that the audit backstop issue would apply to Leicestershire, as the Council had no delayed audits and assurance was given that the audit would be completed by December. The backstop would come into effect in February 2026 for Councils where the audit was not complete.

- (iii) Concerns had been raised across some local authorities in relation to their pension schemes, in particular the ability to invest locally. It would be necessary to see what was included in the Pensions Bill when it was introduced. Many local pension funds were already engaging in more local investment, and whilst there would be a requirement for this, it would also be necessary to ensure that the fiduciary duty not to take undue risks was adhered to. It was expected that further discussions would take place with the Pensions Committee and the Investment Subcommittee.

RESOLVED:

That the external Audit Plan for the 2024/25 Leicestershire Pension Fund accounts be noted.

42. Annual Treasury Management Report 2024/25.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to advise of the action taken and the performance achieved in respect of the treasury management activities of the Council in 2024-25. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

Arising from the discussion, the following points were made:

- (i) It was pleasing to note that the Council had made £7.5m extra on investment income, although interest rates were higher. A member queried whether moving forward, there would be more money available to invest. The Director of Corporate Resources commented that, in isolation, higher interest rates meant potentially more revenue income for the Council. However, the reason interest rates were higher for longer was due to inflation being harder to manage; this in turn meant that the Council's services would be subject to higher inflationary cost pressures. These inflationary pressures would outweigh the benefits of the additional income arising from higher interest rates.
- (ii) It was noted that the Council's Treasury Management advisors provided regular updates on the latest position with counterparties. Inevitably, changes could occur after a loan had been made and although it was not possible to do anything about this, assurance was given that any loans were made in accordance with the advice given at the time.
- (iii) With regard to the NatWest breach, it was questioned whether this had been resolved in an acceptable timeframe and whether it had highlighted any potential future risks. The Director of Corporate Resources stated that when money had been lent to NatWest, the amount recommended by the Treasury Management advisors had been up to £75m. However, when the Government reduced its shareholdings in NatWest, the Treasury Management advisors had downgraded the maximum amount to lend. This was retrospective and the Council would not lend any more money to NatWest until the amount fell below the new credit rating of £35m. This had occurred by the end of the financial year as £40m of the loan had been repaid with full interest. Assurance was given that this did not provide any risks, other than being aware that any new investments undertaken would be done so in line with the recommendations of the advisors at that time.

RESOLVED:

- a) That the contents of the Annual Report for 2024-25 be noted;
- b) That the Committee further notes that the Annual Report will be submitted to the Cabinet for consideration at its meeting on 15 July 2025.

43. Internal Audit Service - Annual Report 2024/25.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide an annual report on work conducted by the Internal Audit Service during 2024-25. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

It was reported that the opinion of the Head of Internal Audit Service was that 'reasonable assurance is given that the Council's control environment has remained overall adequate and effective during 2024-25'.

Arising from the discussion, the following points were raised:

- (i) A member queried whether staff within the Internal Audit team regularly audited the same areas of work, or whether this was rotated. The Director of Corporate Resources stated that despite the team being small, rotation occurred wherever possible. Although the team currently provided an audit function to the Combined Fire Authority and ESPO, it was unlikely that this would be provided elsewhere. Short term agency staff would be joining the Internal Audit team in the near future whilst a review of the team was undertaken.
- (ii) A report was due to be presented to the next Committee on the implementation of the new Global Internal Audit Standards for the UK public sector. These were not expected to be significantly different to what was already in place.

RESOLVED:

- a) That the Committee notes the Internal Audit Service Annual Report for 2024-25;
- b) That a copy of the Annual Report for 2024-25 be circulated to all members of the County Council for information.

44. Draft Annual Governance Statement 2024/25.

The Committee considered a joint report of the Director of Corporate Resources and Chief Executive the purpose of which was to outline the background and approach taken to produce the County Council's draft Annual Governance Statement (AGS) 2024-25 and to present the draft AGS prior to it being published on the Council's website by 30 June 2025 alongside the draft County Council Statement of Accounts for 2024-25. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

It was noted that, during the review of the draft AGS, it had been determined that there were two significant governance issues that required reporting, relating to Children and Family Services (improving the completion rates of new Education, Health and Care

Plans) and Corporate Resources (reducing the number of contract exceptions and extensions that are approved).

RESOLVED:

- a) That the Committee considers that the draft AGS 2024-25 is consistent with its own perspective on internal control within the authority;
- b) That the Committee notes that there are two significant governance issues reported in the draft AGS 2024-25;
- c) That the Committee notes that the draft AGS 2024-25, which may be subject to such changes as are required by the Code of Practice on Local Authority Accounting, has been prepared in accordance with best practice.

45. 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 along with an update on Local Government Reorganisation as an emerging risk. A copy of the report marked 'Agenda Item 13' is filed with these minutes.

As part of this item, the Committee also received a presentation from the Senior Resilience Officer regarding Critical Service Business Continuity. A copy of the presentation is filed with these minutes.

Arising from the discussion, the following points were made:

Presentation

- (i) Following a query on whether any lessons could be learnt from the cyber attack on the City Council, it was noted that some briefings had taken place. The County Council was aware of the technicalities surrounding the attack and were taking steps to ensure that everything was in place to assist with disaster recovery. It was felt inevitable that the County Council would be the subject of a cyber incident at some point, and it was therefore essential that staff were prepared. A range of preventative measures had been implemented, including providing advice to staff, mandatory annual training and a number of infrastructure controls.
- (ii) Assurance was given that regular business continuity testing was undertaken, with quarterly reports being presented to the Resilience Planning Group (RPG). It was stated that in general, tests were carried out by exercise with six being completed in 2024. A large number of teams within the Council also tested their individual business continuity plans on a regular basis. Although this was not currently mandatory, this would be the case from July with more regular formal reporting to RPG and the Council's Corporate Management Team.
- (iii) A member questioned whether any funding from Government was received to support the prevention of cyber attacks. The National Cyber Security Centre had developed a toolkit to support local authorities in adopting best practice, and there was guidance from the Public Sector Network. A paid for service

was also available for organisations to receive support in the event of a cyber attack.

- (iv) It was noted that there were currently 42 Tier 1 critical plans, including departmental management plans, and it was queried how much duplication there was across these. Officers had met with Chief Officers to discuss this and departments were in the process of reviewing their individual plans. However, it was largely the responsibility of managers to ensure that their service had a business continuity plan in place.

Report

- (v) There was one emerging risk relating to Local Government Reorganisation. It was noted that, regardless of the Government's approach to the proposals submitted and the preferred way forward, there would be a period of intensive work and demand on internal resources, short term uncertainty and instability which would require mitigation.
- (vi) In relation to a query on Risk 1.6 (Special Educational Needs), and whether there had been an update from the Department for Education on the statutory override, the Director of Corporate Resources stated that the override had been extended pending further details on the proposed reform of the High Needs Block.
- (vii) A member commented that it would be useful to receive the full Risk Register with each item 'RAG' rated. Currently the Committee was presented with the most important risks to the Council, but this would be considered further. Discussions had previously taken place around the role of the Committee and the level of information it required to properly fulfil its role; this would provide a further opportunity to review this.

RESOLVED:

- a) That the Committee approves the status of the corporate and strategic risks facing the County Council;
- b) That the Chairman is contacted nearer to the meeting to agree the next presentation to the Committee;
- c) That the Committee notes the update to the emerging risk on Local Government Reorganisation.

46. Annual Counter Fraud Report 2024/25.

The Committee considered a report of the Director of Corporate Resources the purpose of which was to present the counter fraud activities that took place across the Council during the 2024-25 financial year. A copy of the report marked 'Agenda Item 14' is filed with these minutes.

RESOLVED:

- a) That the Committee notes the contents of the report;

- b) That the Committee agrees to receive further reports on an annual basis;
- c) That the Committee agrees that unless a major issues arises or there is a government requirement for more regular reporting, dispense with in-year counter fraud updates which currently form part of the wider Risk Management Update reports presented at each meeting of the Committee.

47. CIPFA Financial Management Code 2025/26.

The Committee considered a report of the Director of Corporate Resources the purpose of which was to inform of the Council's compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code for the financial year 2025-26. A copy of the report marked 'Agenda Item 15' is filed with these minutes.

RESOLVED:

That the report be noted.

48. Annual Report on the Operations of Contract Procedure Rules.

The Committee considered a joint report of the Director of Corporate Resources and Director of Law and Governance the purpose of which was to report on the operation of the Contract Procedure Rules between 1 April 2024 and 31 March 2025. A copy of the report marked 'Agenda Item 16' is filed with these minutes.

It was reported that between 1 April 2024 and 31 March 2025, 75 approved exceptions had been recorded; this was a reduction in the number granted in the previous year.

RESOLVED:

That the operation of the Contract Procedure Rules between 1 April 2024 and 31 March 2025 be noted.

49. Date of next meeting.

RESOLVED:

That the next meeting of the Committee be held on Friday 19 September 2025 at 10.00am.

10.00 am - 12.27 pm
23 June 2025

CHAIRMAN