



Minutes of a meeting of the Corporate Governance Committee held at County Hall, Glenfield on Monday, 10 February 2014.

PRESENT

Mr. E. D. Snartt CC (in the Chair)

Mr. G. A. Boulter CC
Mr. G. A. Hart CC
Mr. W. Liquorish JP CC

Mr. K. W. P. Lynch CC
Mr. S. D. Sheahan CC
Mr. R. J. Shepherd CC

55. Minutes.

The minutes of the meeting held on 25 November 2013 were taken as read, confirmed and signed.

56. Question Time.

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

57. 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).

58. Urgent Items.

There were no urgent items for consideration.

59. 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 Shepherd CC declared a personal interest in item 6, 'External Audit – Annual Grant Certifications 2012/13', as a member of the teachers' pension scheme. Mr Lynch CC also declared a personal interest in this item as his wife was a member of that scheme.

60. External Audit - Annual Grant Certifications 2012/13.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to present the results of external audit grant certification work for 2012/13. A copy of the report is filed with these minutes.

The Chairman welcomed Matthew Elmer from PricewaterhouseCoopers LLP (PwC), the County Council's external auditors, to the meeting.

It was reported that, in light of the areas for improvement identified by PwC, the payroll system would be reviewed with consideration being given to expanding the payroll team during peak periods. Work was also being undertaken to ensure processes were automated where possible.

The Committee noted that where the County Council undertook payroll work for an academy, the County Council would calculate the Teachers' Pension Return, but that it was the responsibility of the academy to submit the Return and to ensure this was appropriately audited.

RESOLVED:

- (a) That the contents of the report be noted;
- (b) That the actions being taken by management to address issues raised by the external auditor, PwC, be noted.

61. External Auditor - Service Delivery Centres.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide the Committee with information about the use of overseas Service Delivery Centres (SDC's) by PricewaterhouseCoopers LLP (PwC) when undertaking audit work. A copy of the report is filed with these minutes.

The Committee acknowledged PwC's commitment to ensure its audit work undertaken for the Authority was of a high standard and was reassured that, under current proposals, if any of its data processes in relation to local government audit work were to be offshored, this would be to its SDC in Poland.

It was moved by Mr Lynch, seconded by Mr Boulter and carried:

"That PwC be advised that it is the County Council's view that no audit work undertaken on behalf of the Authority should be offshored outside the European Union."

RESOLVED:

- (a) That the contents of the guidance provided by the Audit Commission and the report from PwC on Service Delivery Centres be noted;
- (b) That PwC be advised that it is the County Council's view that no audit work undertaken on behalf of the Authority should be offshored outside the European Union.

62. 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. The report also provided an update on the Internal Audit Review of the revised Risk Management Policy Statement and highlighted key information on anti-fraud initiatives. A copy of the report is filed with these minutes.

The Committee also received a presentation on the 'Better Care Fund' risk area of the Corporate Risk Register. A copy of the presentation slides is filed with these minutes.

Risk Register – risk relating to the transfer of nine elderly persons homes

- (i) Some members questioned the expectation noted in the register (page 59 of the report) that this risk would move to a medium rating and suggested that there were still uncertainties around whether or not the outstanding deferred payment would be received by the deadline of 31 March. It was suggested that this risk should continue to be rated high until such time as the balance had been received;
- (ii) The Committee noted that the expected risk rating had been based on the fact that the deadline for payment had not yet been reached, that payment was expected and that the County Council had not incurred any financial loss and had continued to receive regular interest payments;
- (iii) A report had been presented to the Cabinet on 4 February 2014 outlining the up to date position. Leicestershire County Care Limited (LCCL) was in the process of securing the finance it required to repay the balance outstanding and payment was still expected within the agreed timescale;
- (iv) To mitigate against the risks to the County Council if payment was delayed, various options had been presented to the Cabinet on 4 February 2014 for consideration and these would be pursued if necessary;
- (v) The Committee noted that ultimately the County Council had a legal charge secured against the homes should LCCL not meet the arrangements for repayment. However, some members questioned how viable this option would be in practice. The Committee was advised that the needs of residents would always be considered and that this was one of a number of actions which could be taken if necessary;
- (vi) The Committee agreed that further consideration of the level of risk relating to this issue should be deferred to its next meeting in May, which would be after the deadline for payment had passed.

Presentation - Better Care Fund (BCF)

- (vii) The introduction of the NHS 111 service would be an important part of the development of a new integrated health and care system nationally. It supported demand management by signposting people to the right service for their needs and provided information and advice to support self care. It would be necessary to link the new community services offered in Leicestershire, as a result of the developments in the BCF, to the menu of services/information held by the NHS 111 service so that its information kept pace with new local developments;
- (viii) A draft BCF Plan had been prepared and would shortly be presented to the Health and Wellbeing Board for consideration. Further work was being undertaken to identify the impact of the Plan on outcomes and performance metrics, including measures required both nationally and locally;
- (ix) The BCF Plan proposed a number of activities to address the rising trend in emergency admissions. The trajectory of improvement proposed in the BCF

Plan was to reduce these numbers locally by 500 when comparing a period of six months in 2013 with the same period in 2014/15. A reduction in the number of bed days associated with delayed discharges had also been proposed. These metrics would be tested and subjected to a challenge process before the final submission of the Plan in April. It was expected that the scale and pace of the metrics could be further challenged, as there would be a need to make a significant impact on reducing acute hospital activity over the next two years.

- (x) As part of the development process an assessment of all projects aimed at supporting people leaving hospital, including those provided by the County Council and support services such as adaptation grants, would be undertaken. Consideration would be given as to how these could be brought together to provide an overall improved package of care. Equality and other relevant impact assessments would be undertaken to ensure there was a clear understanding of how various groups might be affected.

RESOLVED:

- (a) That the status of the strategic risks facing the Council be noted and that the updated Corporate Risk Register be approved;
- (b) That the initiative adopted to improve the Council's acknowledgement, prevention and pursuit of fraud be supported;
- (c) That, in the light of concerns now raised by the Committee, issues relating to the risks to the County Council surrounding arrangements in respect of the transfer of nine Elderly Persons Homes in September 2012, be further considered at the next meeting of the Committee;
- (d) That officers be requested to provide a presentation at the next meeting of the Committee on the risks associated with the delivery of savings and efficiencies through Service Redesign/Transformation as required in the MTFS.

63. Quarterly Treasury Management Report.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide an update about the actions taken in respect of treasury management in the quarter ended 31st December 2013. A copy of the report is filed with these minutes.

The Committee noted that a further loan with Lloyds Banking Group as part of the Local Authority Mortgage Scheme had been issued on 31 December 2013 for £1m at a rate of 3.8%. This brought the total amount now invested through this scheme to £8.4m.

RESOLVED:

That the contents of the report be noted.

64. Treasury Management Strategy Statement and Annual Investment Strategy.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to present the draft 2014/15 Treasury Management Strategy Statement and

Annual Investment Strategy for consideration. A copy of the report is filed with these minutes.

RESOLVED:

That the draft Treasury Management Strategy and Statement and Annual Investment Strategy for 2014/15 be noted with support.

65. Internal Audit Service Progress Report.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide a summary of the work finalised by the Internal Audit Service since the last report to the Committee and to highlight audits where high importance recommendations had been made to managers. The report also provided an update on Nottingham City Council's Internal Audit progress against the 2013/14 Internal Audit Plan for the East Midlands Shared Service, the recovery of outstanding costs owed by the former Leader of the County Council, Mr David Parsons, and the annual internal audit planning process and the adoption of the Public Sector Internal Audit Standards. A copy of the report is filed with these minutes.

Recovery of outstanding monies owed by Mr Parsons

A statement was circulated to all members of the Committee at the request of the Chairman and Spokesmen which detailed the most up to date position regarding the outstanding money owed by Mr Parsons. The Committee noted that the first payment, one sum of £285.93, due by Saturday, 1 February 2014, as detailed in paragraph 13 of the report, had been received late on Friday, 7 February. A copy of the statement is filed with these minutes.

In response to questions raised by the Committee, the County Solicitor confirmed that:

- once the outstanding balance had been repaid by Mr Parsons in accordance with the settlement reached, the County Council would have recovered 85% of the total amount (i.e. £15,267.31 gross) owed and that, in his view, when balanced against the potential risks and costs associated with pursuing the full amount in court, this was an appropriate level of settlement;
- if Mr Parsons defaulted on the settlement payments agreed, action would be taken to recover the balance.

Although paragraph 14 of the report confirmed that the Committee would be informed if there were any significant variations to the scheduled repayment agreed with Mr Parsons, the Committee requested that officers provide regular updates at each future meeting of the Committee until such time as the total amount due had been repaid in full.

General

Arising from discussion, the following points were noted:

- (i) The Internal Audit Service carried out audit work for approximately 70 academies across the County on a commercial basis;
- (ii) Work continued to address those issues raised in the audit of Developers Contributions (section 106 – referred to in Appendix B to the report). The County Solicitor informed members that, although difficulties had arisen in

relation to the implementation of the new planning data system, these were being addressed and a more detailed update on the work undertaken would be presented at the next meeting of the Committee.

RESOLVED:

- (a) That the contents of the report and the statement now circulated in response to a request from the Chairman and Spokesmen of the Committee, be noted;
- (b) That, with regard to the repayment of outstanding monies owed by Mr Parsons, the former Leader of the County Council, officers be requested to provide regular updates at each future meeting of the Committee until such time as the total amount due had been repaid in full.

66. Regulation of Investigatory Powers Act 2000.

The Committee considered a report of the County Solicitor, the purpose of which was to provide an update on the use of powers under the Regulation of Investigatory Powers Act 2000 during the period 1 October 2013 and 31 December 2013. A copy of the report is filed with these minutes.

RESOLVED:

That the contents of the report be noted.

67. Date of next meeting.

RESOLVED:

That the next meeting of the Committee be held on 12 May 2014 at 10.00am.

10.00 - 11.20 am
10 February 2014

CHAIRMAN