



Minutes of a meeting of the Corporate Governance Committee held at County Hall, Glenfield on Tuesday, 23 September 2014.

PRESENT

Mr. S. L. Bray CC
Mr. G. A. Hart CC
Mr. P. G. Lewis CC
Mr. K. W. P. Lynch CC

Mr. S. D. Sheahan CC
Mr. R. J. Shepherd CC
Mr. E. D. Snartt CC

1. Election of Chairman.

That Mr. E. D. Snartt CC be elected Chairman for the period ending with the Annual Meeting of the County Council in May 2015.

Mr. Snartt in the Chair

2. Appointment of Vice Chairman.

That Mr R. J. Shepherd CC be appointed Deputy Chairman for the period ending with the date of the Annual Meeting of the County Council in 2015.

3. Minutes.

The minutes of the meeting held on 21 May 2014 were taken as read, confirmed and signed.

4. Question Time.

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

5. 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).

6. Urgent Items.

There were no urgent items for consideration.

7. 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 declared a personal interest in agenda item 8 'External Audit of the 2013/14 Statement of Accounts and Annual Governance Statement' as a member of the teachers' pension scheme.

All members of the Committee declared a personal interest in agenda item 9, 'Risk Management update', and 13, 'Annual Report on the Operation of the Members' Code of Conduct 2013/14', as they were also district councillors.

8. External Audit of the 2013/14 Statement of Accounts and the Annual Governance Statement.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to report the key findings from the external audit of the 2013/14 financial statements. A copy of the report is filed with these minutes.

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

Arising from discussion, the following points were noted:

- (i) No material weaknesses had been identified and it was anticipated that an unqualified audit opinion would be issued. There had been one misstatement which had not been adjusted in the accounts as it was based on a projected sampling methodology. On the basis that this would not affect the unqualified audit opinion which PwC expected to issue, the Committee agreed it would not be appropriate that the accounts were adjusted to correct this;
- (ii) Members noted the need for the County Council to gain greater assurance on the operation of the East Midlands Shared Service (EMSS) to satisfy itself and its auditors, PwC, that its processes were robust. It was acknowledged that this was the first full year of operation for the new Service and that arrangements had been put in place to improve processes for the following year. An update on progress against the EMSS Audit Plan would be presented to the Committee at a future meeting;
- (iii) The additional savings to be made by the County Council as identified this year would be considered by PwC as part of its annual review of the County Council's Medium Term Financial Strategy which would be reported to the Committee in May 2015.

RESOLVED:

- (a) That the External Audit of the Financial Statements be approved;
- (b) That it be agreed that the one unadjusted item in the accounts relating to an unrecorded liability remain unadjusted;
- (c) That it be agreed that PwC's conclusion on its independence and objectivity, as contained on page 14 of the Appendix to the report (page 29 of the agenda), be agreed;
- (d) That it be confirmed to PwC, as requested on page 18 of the Appendix to the report (page 33 of the agenda), that there have been no changes to the

Committee's view of fraud risk and that no additional matters have been brought to its attention which should be notified to PwC.

9. 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 related risk management matters and counter fraud initiatives. A copy of the report is filed with these minutes.

The Committee also received a presentation on the risk associated with an increase in unplanned and speculative local developments to address the shortfall in the 5 year housing supply (Risk 13 on the Corporate Risk Register). A copy of the presentation slides is filed with these minutes.

Presentation – Increase in unplanned and speculative local developments

Arising from the presentation, the following points were raised:

- (i) The risk had been escalated from the Environment and Transport Department's Risk Register due to the potential impact this could have on workload and resources within the Department and on the transport network;
- (ii) Government guidance on responding to planning applications required the Highway Authority to consider each application on its own merits. It was therefore difficult for it to directly consider the cumulative impact of several small applications in a particular area, especially when there was no development plan in place. The Authority could ask a developer to consider a joint transport assessment, but it was unable to insist on it. To do this a change in the law would be required. However, the County Council was developing ways to look at the potential long term transport challenges faced in those areas where developer growth was being seen to try and pre-empt the problems that might arise and work to mitigate these as far as possible;
- (iii) Some members raised concerns that whilst the Government prioritised increasing the housing supply, it did not provide Highway Authorities with sufficient powers to enable it to ensure the necessary infrastructure could be put in place to support this;
- (iv) There were a lot of public concerns around this issue and it would be important for them to be made aware of the legislative restraints within which the County Council, as the Highway Authority, had to operate and the challenges it therefore faced;

The Risk Register

Arising from discussion, the following points were noted:

- (v) Members welcomed the work undertaken with District Councils to review the single persons discount scheme applied across Leicestershire. Members noted that this exercise had been undertaken previously with similar results being achieved;

- (vi) Members noted the new Risk 6 relating to the transition of health visiting from NHS England to local authorities and requested that a presentation on this issue be provided at its next meeting.

RESOLVED:

- (a) That the contents of the report and the presentation be noted;
- (b) That it be noted that the Head of Internal Audit Service now had responsibility for monitoring adherence to, reporting on and developing the Authority's risk management process;
- (c) That the current status of the strategic risks and emerging risks facing the Council, as detailed in the report and the Corporate Risk Register, be noted;
- (d) That a presentation be provided at the next meeting of the Committee on the risks associated with the transition of Health Visiting from NHS England to local authorities, as detailed in the Corporate Risk Register (new Risk 6);
- (e) That the updated Corporate Risk Register be approved.

10. Proposed Changes to the Contract Procedure Rules.

The Committee considered a report of the Director of Corporate Resources and the County Solicitor, the purpose of which was to report on the operation of the Contract Procedure Rules between 1 July 2013 and 30 June 2014, to bring to the Committee's attention actions being taken to continue to ensure compliance and to recommend revisions to the Rules. A copy of the report is filed with these minutes.

From discussion, the following points arose:

- (i) Members welcomed the action taken against two former employees of the Council who had been found guilty of offences of fraud and which had resulted in custodial sentences. Members also acknowledged the actions taken to prevent a re-occurrence in the future;
- (ii) Approximately 40% of the County Council's total procurement spend was with a local supplier (i.e. those suppliers which had a payment address in the County). Approximately 50% of total procurement spend was also with small to medium sized enterprises (SMEs), although these were not necessarily based locally;
- (iii) The County Council had not been challenged in respect of any the approved exceptions.

RESOLVED:

- (a) That the contents of the report on the operation of the Contract Procedure Rules between July 2013 and June 2014 be noted;
- (b) That the County Council be recommended to approve the proposed amendments to the Contract Procedure Rules, as set out in Appendix B to the report;

- (c) That the proposals to conduct a substantial review of the Contract Procedure Rules in early 2015 be noted.

11. Ombudsman Annual Review 2013-14 and Corporate Complaint Handling.

The Committee considered a report of the County Solicitor, the purpose of which was to inform Members of the Ombudsman Annual Review letter for the Authority for 2013/14 and to provide Members with an update on improvements to the Corporate Complaints Procedures and effective complaints handling. A copy of the report is filed with these minutes.

Arising from discussion, the following points were noted:

- (i) Although the number of complaints received by the Ombudsman had increased, there had been a reduction in the number of findings of maladministration when compared to the previous year;
- (ii) The Ombudsman Review of Local Government Complaints 2013-14 (Appendix B) provided a National overview of areas where improvements could be made and this would be used to identify local controls and procedures which could be assessed for possible improvement;
- (iii) Details of complaints received were submitted to the Scrutiny Commission and the Adults and Communities Overview and Scrutiny Committee for consideration. It was suggested that it might also be useful for relevant complaints to be presented to the Children and Families Overview and Scrutiny Committee in the future;
- (iv) There was no statutory duty for the Authority to signpost residents to the Ombudsman except in respect of Children Social Care Services. However, this was best practice and the County Council worked to ensure residents were made aware either through the relevant Department handling the complaint or through the Corporate Complaints Service.

Members requested that a copy of the ombudsman Review of Local Government Complaints 2013-14, together with a copy of the covering report be circulated to all members of the County Council for information.

RESOLVED:

- (a) That the contents of the report be noted;
- (b) That a copy of the report and Appendix B to the report be circulated to all members of the County Council for information.

12. Whistleblowing Policy.

The Committee considered a report of the County Solicitor and the Director of Corporate Resources, the purpose of which was to seek the views of the Committee on the proposed revised Whistleblowing Policy attached to the report as Appendix A. A copy of the report is filed with these minutes.

RSOLVED:

- (a) That the contents of the report be noted;
- (b) That the adoption and implementation of the revised Whistleblowing Policy be agreed.

13. Annual Report on the Operation of Members' Code of Conduct 2013/2014.

The Committee considered a report of the County Solicitor, the purpose of which was to advise members on the operation of the Members' Code of Conduct since the last annual report to the Committee in September 2013. The report also highlighted amendments required to relevant procedures and emerging trends. A copy of the report is filed with these minutes.

In response to questions raised, the County Solicitor provided the following information regarding the operation of the Members' Code of Conduct and members of more than one public body (i.e. "dual hatted" members):

- (i) The role of the member at each authority would be highly relevant when considering what action might be appropriate and what, if any, interest a member should declare;
- (ii) Each case would have to be considered on its individual circumstances. As there was no longer a model Code of Conduct adopted by all local authorities, this could give rise to inconsistencies in approach;
- (iii) Members and Monitoring Officers of different authorities would inevitably have different views of what interest a dual hatted member might have and what might be regarded as so significant as to give rise to an interest that should prevent a member from taking part in a debate and decision on a particular matter. Monitoring Officers would provide advice, however, ultimately it would be a matter for the individual member to decide, taking account of what a reasonable member of the public might think;
- (iv) A briefing note on this issue would be circulated by the Monitoring Officer to all members of the County Council to provide further assistance.

RESOLVED:

- (a) That the actions taken by the Monitoring Officer in discharging his responsibilities under the Procedure for dealing with allegations of a breach of the Members' Code of Conduct be noted;
- (b) That it be agreed that paragraph 3.4 of the Procedure for dealing with allegations of a breach of the Members' code of Conduct be amended to read "*The Monitoring Officer may seek the views of one of the Independent Persons appointed by the County Council on any complaint received*".

14. Covert Surveillance and Regulation of Investigatory Powers Act 2000 Quarterly Update.

The Committee considered a report of the County Solicitor the purpose of which was to provide the Committee with a quarterly update on the use of powers under the Regulation of Investigatory Powers Act 2000. A copy of the report is filed with these minutes.

RESOLVED:

That the contents of the report be noted.

15. 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 in the quarter ended 30 June 2014. A copy of the report is filed with these minutes.

RESOLVED:

That the contents of the report be noted.

16. Internal Audit Service Annual Report 2013-14.

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. A copy of the report is filed with these minutes.

RESOLVED:

- (a) That the Internal Audit Service Annual Members' Report for 2013/14 be noted;
- (b) That the disclosure of non-conformance to the Public Sector Internal Audit Standards and amendments to the Annual Governance Statement for 2013-14 be noted;
- (c) That a copy of the Internal Audit Service Annual Members' Report for 2013/14 be circulated to all members of the County Council for information.

17. 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 audit work undertaken by Nottingham City Council in respect of the East Midlands Shared Service, the recovery of outstanding costs owed by the former Leader of the County Council, Mr David Parsons, and on the adoption of the Public Sector Internal Audit Standards. A copy of the report is filed with these minutes.

Arising from discussion, the following points arose:

- (i) The high importance recommendations made by the Internal Audit Service (IAS) in respect of developer contributions (s106) had not been confirmed as having been implemented. However, these had been deferred whilst the new IT system was put

in place, as reported to the Committee at its last meeting. Once this had bedded in, specific re-testing would be undertaken;

- (i) A rigorous process was adopted by the IAS to monitor the implementation of high importance recommendations and the reasons for any delay were reported to the Committee. It was acknowledged, however, that if members considered that such delay was unreasonable, it could request officers to attend the meeting to respond to questions and further challenge;
- (ii) In response to questions raised, the County Solicitor confirmed that payments due from Mr Parsons, the former Leader of the County Council, had not been made for the last 5 months and therefore, in accordance with the County Council's debt recovery processes, on 11 September he had given instructions for proceedings to be issued. Proceedings had been filed with the relevant court on 12 September and confirmation was expected shortly that proceedings had been formerly issued. The County Solicitor further confirmed that Mr Parson's had been notified that he would be expected to pay the County Council's costs of issuing such proceedings.

RESOLVED:

That the contents of the report and the information now provided be noted.

18. Date of next meeting.

RESOLVED:

That the next meeting of the Committee be held on Monday 24 November at 10am.

10.30 am - 12.20 pm
23 September 2014

CHAIRMAN