

GOVERNANCE COMMITTEE

PARKSIDE, STATION APPROACH, BURTON STREET, MELTON MOWBRAY

24 SEPTEMBER 2013

PRESENT

Councillors M.C.R. Graham MBE (Chairman)  
P. Cumbers, J. Douglas, M. M. Gordon, V. Manderson, J. Moulding  
M.R. Sheldon, N. Slater

Chief Executive  
Strategic Director (CM)  
Head of Central Services  
Head of Communications & Monitoring Officer  
Senior Accountant  
Performance and Information Officer  
External Auditors from PriceWaterhouseCoopers  
Member of the Welland Internal Audit Consortium

Administrative Assistant

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G.26. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Freer-Jones and Orson.

G.27. MINUTES

- (a) The Minutes of the Governance Committee Meeting held on 24 June 2013 were confirmed and authorised to be signed by the Chairman.
- (b) The Minutes of the Ad Hoc Meeting held on 19 August 2013 were confirmed and authorised to be signed by the Chairman.

G.28. DECLARATIONS OF INTEREST

Minute G36 – Annual Review of Risk Management

Councillors Gordon and Slater each declared a personal interest as Council House Tenants and recipients of Housing and Council Tax Benefits.

Minute G38 – Constitution Update 2013-14

Councillors Gordon and Slater each declared a personal interest as Council House Tenants and recipients of Housing and Council Tax Benefits.

## G.29. RECOMMENDATIONS FROM OTHER COMMITTEES

There were no recommendations or reports submitted from other Committees.

## G.30. UPDATE ON DECISIONS

The Chief Executive submitted a report (copies of which had previously been circulated to Members). An updated version was distributed at the meeting which provided an update on the decisions from previous Meetings of this Committee.

### Item 1 – Understanding Risk and Control

A one hour training session on Understanding Risk and Control was delivered to Members by Jonathan Nulty of CPFA and who is an Associate of GreenbiRo Limited prior to this Committee Meeting.

The Head of the Consortium is also currently co-ordinating three half day training workshops in conjunction with other authorities within the Welland Partnership. The dates and times are to be confirmed and circulated.

### Item 2 – Internal Audit Report

A report has been compiled for this meeting and will be covered in detail at Agenda Item 8.

**RESOLVED** that the report be noted.

## G.31. STATEMENT OF ACCOUNTS 2012-13

The Head of Central Services submitted a report (copies of which had previously been circulated to Members) to seek approval of the Statement of Accounts for 2012-13 which have been prepared in accordance with the Audit Commission Act 1998 and the Accounts and Audit (England) Regulations 2011 and to inform the Committee of the key issues contained within the accounts.

The Statement of Accounts essentially shows the year end revenue and capital position in a prescribed format as required by the Code. Following the audit of accounts there have been no significant changes made by the Auditors.

A Report on the General Fund and Housing Revenue Account had been presented at the PFA Committee on 10 July 2013. The provisional HRA year end position was reported to Community and Social Affairs Committee on 19 June 2013.

Members were referred to the Balance Sheet which summarises the Council's assets and liabilities as at the 31 March 2013. It illustrates that there is an excess of debtors (money owed to the Council) over creditors (money owed by the Council). However, Members were asked to note that the figures illustrated in the Balance Sheet are a snapshot taken on 31 March 2013 and it may be more beneficial to make comparisons over a period of time.

The Comprehensive Income and Expenditure Statement contains a figure of £6,561 as an exceptional item. Members were informed that this item is extensively being investigated and the 2012-13 figures will be restated in the 2013-14 accounts if found.

A Member expressed their concerns in relation to the New Homes Bonus and the impact this would have on the Council. The Head of Central Services confirmed that the impact of the New Homes Bonus contributes to the high risk associated with local government funding as contained in the risk register.

A Member asked for the current location of the Dora Webb miniature painting. Confirmation was sought that the painting is currently retained in the safe and is valued at regular intervals. The value of the painting is less than £10,000 and is considered as de-minimus and therefore is not reported on the Balance Sheet. Members requested that the painting be featured in the Mayor's Parlour.

It was also brought to the Committee's attention that the door plaque on the Mayor's Parlour has the apostrophe in the incorrect place.

**RESOLVED** that

- (1) The Statement of Accounts for 2012-13 were approved by the Committee and signed and dated by the Chairman.
- (2) The Dora Webb miniature painting be relocated and displayed in the Mayor's Parlour once the insurance position has been checked.

#### G.32. EXTERNAL AUDIT ANNUAL GOVERNANCE REPORT 2012/13

Ben Connor and Tom Gibbs, External Auditors from PriceWaterhouseCoopers presented a report summarising the results of the 2012/13 audit of the financial statements (copies of which had previously been circulated to Members). The report featured significant findings from their audit.

The Committee's attention was drawn to significant audit and accounting matters outlining the outstanding work to complete:-

- Review of the detailed disclosures in the Statement of Accounts;
- Approval of the Statement of Accounts and letters of representation;
- Completion of Whole of Government Accounts procedures
- Completion procedures including subsequent events review.

Use of Resources/Value for Money was identified as an area of significant interest and was issued with an unqualified opinion.

Members were referred to Appendix A which illustrates the uncorrected misstatements identified during audit. There were several receivable invoices accumulating to £75,678 in total, raised in advance for 2013/14 and therefore should have been excluded from the 2012/13 accounts as the entry made to correct this was posted to the wrong account. Members were asked to confirm the proposed treatment of the unadjusted misstatement. Members were in favour that the misstatement remains uncorrected. The Auditors will conduct more targeted work around this provision next year.

There were no areas of concern in judgements made by the Council.

Three internal controls issues were identified and brought to Members attention with the recommendations and management responses.

Councillor Graham declared a personal interest in the Pension Scheme as he is an active Member of the Leicestershire Pension Board on behalf of the District Councils.

The Head of Central Services highlighted the Pension Fund Liability and the contributing factors to this i.e. people living longer, retiring earlier. The 2013 triennial valuation is yet to be concluded and will be reflected in next year's statement of accounts.

Recognition was given to the Finance Team for their hard work in complying with timescales and for their support and assistance during the audit.

**RESOLVED** that

- (1) Confirmation received from the Committee that it is satisfied that the misstatement remains uncorrected and does not impact the Authority's general fund balance.
- (2) The report be noted and signed by the Auditors.

#### G.33. INTERNAL AUDIT PLAN 2013/14 INTERIM REPORT

Nicola Scott presented a report on behalf of the Head of Welland Internal Audit Consortium (copies of which had previously been circulated to Members) on the work being undertaken by the Consortium to deliver the Council's internal audit service and to support the development of the Committee's capacity to discharge the new responsibilities set out in the Public Sector Internal Audit Standards.

To date reports have been issued:-

- Managing Absence
- Provision of Housing Grants

There is work in progress on further assignments

- Cash Handling
- Data Management – this will provide Benchmarking material within the Welland Partnership
- Economic Development
- Managing Tenancy Fraud
- Waste Management and Recycling
- Management of NFI

**RESOLVED** that the report be noted.

#### G.34. VALUE FOR MONEY

The Head of Communications submitted a report presented by the Performance and Information Officer (copies of which had previously been circulated to Members) on the present position of the Value for Money Study utilising 2011-12 outturn data, to establish a baseline for further and future comparison and to set out the proposed steps in the development of the VFM Study.

The Council initially undertook a Value for Money Study in 2009 and this exercise was repeated in 2012. The Council functions remain essentially unchanged between the two studies and the findings are illustrated at Appendices 1 and 2 to this report. These findings were presented to the Performance Management Task Group who have taken the study further in looking at unit costs for the range of council functions i.e. a democratic unit cost – the cost per household or in the case of elections the cost per elector at the time the study relates and a productivity cost, in terms of the units of service delivery, which are expressed in terms of gross and net expenditure, per week over a 52 week year. Members were referred to Appendix 3 which illustrated this information. At present it is an internal document to demonstrate the work currently in progress. This information will be utilised to benchmark against other District Councils in the County which should allow a meaningful benchmarking exercise where Melton Borough Council can be judged against its genuine Local Authority peers.

Members were in favour of the proposed recommendations that the Value for Money Study be continued along the lines suggested by the outlined proposals.

**RESOLVED** that the report be noted.

*The Chairman, in exercising his statutory powers, agreed that the following item be considered as a matter of urgency due to the need to give Members the most up to date position following the despatch of the agenda.*

#### G.35. URGENT BUSINESS – PAYMENT FRAUD

The Head of Central Services submitted a report to update Members on the recent payment that was made to a fraudulent bank account and enable the Committee to determine the role it wishes to have in subsequent internal investigations.

Limited information is contained within the report as the case is currently being investigated both internally and externally. Melton Borough Council are regularly in contact with the Police.

The Leader has requested that following the investigation, that a review be undertaken of the creditors function by the external auditors. The Committee agreed that the Chair and Vice Chair of this Committee would feed into the scoping of such as review and then feed back to the Committee.

A Member raised the question as to whether there is an insurance policy on the market which covers payment fraud. The Head of Central Services reported that this is currently being looked into.

**RESOLVED** that

- (1) The report be noted;
- (2) An update report be presented at the next Committee Meeting.

### G.36. ANNUAL REVIEW OF RISK MANAGEMENT

The Head of Central Services submitted a report (copies of which had previously been circulated to Members) to update Members on the management of risk within the Council during 2012/13.

The Council has continued to maintain its focus on the key risks throughout 2012/13. This is reviewed by Management Team on a quarterly basis. The corporate risk register and action plan for each risk has been discussed with Councillor Douglas the Lead Member for Risk. The Head of Central Services reiterated the importance of being more proactive and not reactive. With regard to the Welfare Reform risk the Government changes (e.g. bedroom tax) are significant and are going to have a direct impact on the Council. Claims will be submitted electronically and the Council is trying to embed this into their practice to meet needs efficiently.

#### Item 2 on the Risk Register – costs granted at Appeals against the Council arising from “unreasonable behaviour” in relation to consideration of the decision and the reasons for it

A Member felt a more detailed, line by line analysis be provided following a planning appeal to the Development Committee. Members also expressed their concern with the vast amount of pressure they receive due to the volume and increase in speculative and controversial applications.

#### Item 4 on the Corporate Risk Register – the increased number of vulnerable families and individuals resulting from the impact of Welfare Reforms

The Chief Executive reported that Melton Borough Council is well placed in view of the national changes due to the lessons learnt from the Universal Credit Pilot. This was in addition to the involvement in the Supporting Leicestershire Families (SLF) Programme working with targeted vulnerable families on a range of issues designed to turnaround lives and support sustainable independent living.

**RESOLVED** that the report be noted.

### G.37. REFRESHED DATA PROTECTION POLICY

The Head of Communication submitted a report (copies of which had previously been circulated to Members) to provide for a refreshed Data Protection Policy, and related documents on Clear Desk Policy, Data Processor contracts, Data Retention and Destruction, and Fair Processing.

There are no legal changes required to the original Data Protection Policy; the policy needed refreshing to take account of changes relating to the greater use of electronic media and transactions and the requirement of information sharing. The documentation will need to pass through the Joint Staff Working Group.

A number of minor amendments, (shown in italics) were identified to the documentation.

Appendix D 6.1 to read ‘.....warrant and undertake that you have and.....’

Appendix E 6.1 to read ‘Papers for disposal are to be placed in the boxes provided, and any personal information should be placed in the ‘Confidential Waste’ box for secure dispose and shredding.’

**RESOLVED** that the refreshed Data Protection Policy and related documents be adopted.

G.38. CONSTITUTION UPDATE 2013-14

The Monitoring Officer submitted a report (copies of which had previously been circulated to Members) for the Committee to consider four proposed items relating to the Council's Constitution for onward referral to the Council for approval.

As the Constitution is a living document, such proposed changes will be brought to the Committee's attention as soon as these come to light to enable the Council's work to move forward rather than await an annual review.

The following items were considered:-

- (a) A new Redaction Policy
- (b) Establishment of a Tenant Working Group
- (c) Updated Members' Allowances Scheme to reflect the NJC 1% pay increase
- (d) Pages 75-81 of the Financial Procedure Rules

**RESOLVED** that the Committee agree the recommendations for amending the above 4 constitutional items and refer the same to Full Council for adoption.

G.39. CODE OF CONDUCT – UPDATE ON PROGRESS

The Monitoring Officer submitted a report (copies of which had previously been circulated to Members) to update the Committee on the latest position with regard to standards matters including the Code of Conduct, the Registration of Disclosable Pecuniary Interests and other Interests and any complaints dealt with under the new system.

To date the current Complaints Process has been applied to 10 complaints, 3 of which have been completed at informal resolution stage without the need to be referred to the Governance Committee. Six others have been considered by the Governance Committee; 1 has resulted in being referred for investigation, 1 resulted in other action and the outcome of the other 4 was no action. There is one further complaint at the early stage.

**RESOLVED** that

- (1) The report be noted;
- (2) A revised Complaints Procedure be presented at the next Meeting.

G.40. ELECTIONS AND PERFORMANCE STANDARD

The Head of Communications presented a report (copies of which had previously been circulated to Members) to allow Members to consider and note the Elections performance and performance standards.

The Electoral Registration and Election Services have encountered a vast amount of changes and challenges of over the past year due to changing

legislation and workings practices. All three elections were successfully run and the Council meet the required standard.

A Member asked whether the Council checks whether the Counters have any connections with any of the Candidates. Officers agreed to consider procedures further.

Recognition and the thanks of the Committee be recorded and given to the Elections Officer for the efficient running of the Elections and the Electoral Registration Service in a most helpful manner.

**RESOLVED** that the report been noted.

G.41. **URGENT BUSINESS**

There was no urgent business.

The meeting which commenced at 6.30 p.m., closed at 7.50 p.m.

Chairman