

GOVERNANCE COMMITTEE

PARKSIDE, STATION APPROACH, BURTON STREET, MELTON MOWBRAY

7 APRIL 2016

PRESENT

Councillors P.M. Chandler (Chairman)
E. Holmes, J. Illingworth, V.J. Manderson
J.T. Orson, M.R. Sheldon

SUBSTITUTE MEMBER

Councillor J.B. Rhodes for Councillor J. Simpson

Ms. H. Henshaw, Ernst Young (External Auditor)

Chief Executive
Head of Communications & Monitoring Officer
Head of Welland Internal Audit Consortium
Senior Democracy Officer

G59. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Bains, Glancy and Simpson. It was also noted that the Head of Central Services was unable to attend due to an emergency dental appointment.

G60. MINUTES

The Minutes of the last meeting held on 1 February 2016 were confirmed and authorised to be signed by the Chairman.

G61. DECLARATIONS OF INTEREST

Councillors Orson and Rhodes each declared a personal interest in any items related to Leicestershire County Council due to their roles as County Councillors.

G62. RECOMMENDATIONS FROM OTHER COMMITTEES

There were no recommendations from other Committees.

G63. UPDATE ON DECISIONS

The Update on Decisions was submitted by the Monitoring Officer on behalf of the Chief Executive (copies of which had previously been circulated to Members).

With regard to item 1 on Protective Marking, the Head of Communications updated the Committee that currently there was only one officer able to produce the staff training module on Protective Marking and that officer had been involved in cover arrangements for a colleague who had left last August. Once the vacancy was filled, this work would be able to be progressed. Other ways of delivery of the module had been investigated but none were feasible.

There was a discussion initiated by the above comment on being short-staffed and the Chief Executive advised that the Council had to find £900,000 of savings in the next financial year and as the Council's major resource was staffing there would be implications and shortages. It was noted that these were national concerns and all Council services could be affected.

RESOLVED that the Update on Decisions document be noted.

G64. INTERNAL AUDIT UPDATE

The Head of the Welland Internal Audit Consortium

(a) submitted a report (copies of which had previously been circulated to Members) which updated the Committee on progress made in delivery of the 2015/16 Annual Audit Plan and other matters relating to the delivery of an effective internal audit service;

(b) stated that the team had delivered 100% of the agreed audit plan by the end of the financial year, to at least draft report stage. Since the last Committee meeting, 2 reports had been finalised and key findings were summarised in the report. These reports were as follows :-

(i) Intensive Housing Management

This audit resulted in an opinion of Substantial Assurance in relation to the management of the identified risks. This included a review of the scheme's budget arrangements and controls in place to ensure a quality service was delivered to users.

The review of visit records and procedures confirmed that the scheme was operating effectively and notes reflected both repair and maintenance needs but also any concerns regarding wellbeing. Repair needs were being suitably reported.

There was scope to introduce regular checks on visit records to provide assurance over the frequency of visits being provided – this was now in place. It should be noted that during sample testing the frequency of visits was consistent with that agreed for the users, where evidence was available.

A balanced budget had been set for 2016/17 despite loss of one-off funding from the County Council and this was subject to regular review.

(ii) Debtors System and Debt Recovery

This audit sought to provide assurance over the Council's systems and controls for recovering monies due from sundry debtors. In November 2014 the Council implemented a new financial system for managing debtors. The audit highlighted that since this system had been in place some of the key functionalities of the system were not operating or were not operating effectively. The system did not, for example, produce reminder letters for overdue debts and this had contributed to high levels of sundry debt.

The Council was focusing on its top 25 debtors and there were performance indicators in place to monitor debt recovery. At the time of audit, the level of aged debt had reduced since 2014/15.

Sample testing on debtor invoices, credit notes and write offs all confirmed compliance with procedures and Council policy.

Due to the weaknesses identified, the opinion on the controls in relation to debtors was Limited at the time of reporting. Management had agreed eight recommendations to address the findings and all high priority actions were due for implementation by the end of April 2016.

There was a discussion on the debtors system and debt recovery report and Members were concerned that there was no process in place to pursue overdue debts.

The Chief Executive explained that the Council had been focusing on large debtors which brought in the higher sums of money and she considered that there should be a parallel system for bringing in the smaller debts. However she was advised that there was no process in place and that staff needed to be specially trained to do this piece of work and she was pursuing the matter. She added her concern that this had been neglected and would have expected for this to have been highlighted to Managers previously.

A Councillor asked for details of the number of debtors which the Head of the Internal Audit Consortium agreed to provide to the Councillor following the meeting. Members were concerned that some of these debts would be written off without having been chased for payment. The Chief Executive acknowledged this and advised Members to include reference to following up on this work in their resolutions.

It was noted that the debts related to commercial rents as well as sundry debtors. The external auditor present commented that they would take a view on debts and those being written off at the end of the financial year.

The Head of the Internal Audit Consortium advised that a full copy of the audit reports was available in the Members' Room and Members could contact her for a copy also.

RESOLVED that

- (1) with regard to Sundry Debtors and Debt Recovery, Members noted their concern and requested there be a report back to the Committee by the Head of Communities and Neighbourhoods on the Council's arrangements;
- (2) subject to (1) above, the report and progress made by the Internal Audit team in delivery of the Audit Plan be noted.

G65. INTERNAL AUDIT PLAN 2016/17

The Head of the Welland Internal Audit Consortium

- (a) submitted a report (copies of which had previously been circulated to Members) which provided a copy of the draft Internal Audit Plan for 2016 17 for review and formal approval, in line with the requirements of the Public Sector Internal Audit Standards;
- (b) stated that the plan had been developed in accordance with the risk based approach discussed with Members in February 2016 and incorporated assurance requirements from herself as Head of the Internal Audit Consortium, the Governance Committee, the S151 Officer and Management Team, as well as consultancy support requested by management;
- (c) explained that Appendix A was a report on the development of the plan and the draft plan was provided at Table 1 on page 5. She advised that the Council commissioned 235 days from the Welland Internal Audit Consortium on an annual basis to deliver the Internal Audit service. Based on the assurance requirements identified from the planning process, the assignments commissioned exceeded the 235 commissioned as standard. As such, if Members agreed the proposed coverage, there was a recommendation in the report for the Committee to recommend to the Policy, Finance and Administration Committee a supplementary estimate to cover the additional 15 day requirement. This was based on an additional 15 days but efforts would be made by the service to minimise any additional days required;
- (d) referred to Table 2 as a reserve list of other assignments which were considered in the development of the plan which were assessed as lower risk at this time. It should be noted that the plan should be flexible and enable the Council to respond to changes in the risk environment throughout the year. As such, an additional recommendation had been made that arrangements be approved for in year changes to be agreed outside of Committee meetings, if required. Any such changes would be reported at the subsequent Governance Committee meeting.

Members expressed concern at the additional recommendation to agree putting forward a supplementary estimate of £4,500 to cover an additional 15 days within the Audit Plan. Members considered that the Leisure Vision item that was included on the Audit list for 2016/17 as a proposed 15 day audit was not required as this project was in its early stages and the business case recently agreed by Full Council was outline only and had been drafted for the purpose of going out to tender. Therefore they felt the project was not at a stage that needed to be audited and there was much work to be finalised and many more

decisions to be made before this was appropriate. It was noted that the Chief Executive was drafting a report on the Stamp Duty issue as a separate matter.

Councillor Orson proposed recommendations 2.1 and 2.2 and Councillor Sheldon seconded. On being put to the vote, the motion was unanimously carried.

RESOLVED that

- (1) the Internal Audit Plan 2016/17 be approved;
- (2) delegated authority be given to the Head of Central Services in consultation with the Chairman and Councillor Holmes being the political groups' nominated consultees for the Governance Committee to agree amendments to the Plan during the financial year, if required.

G66. **INTERNAL AUDIT CHARTER**

The Head of the Welland Internal Audit Consortium submitted a report (copies of which had previously been circulated to Members) which enclosed a copy of the Internal Audit Charter for review and approval.

RESOLVED that the Internal Audit Charter be approved.

G67. **COMMITTEE TRAINING ARRANGEMENTS**

At the Governance Committee meeting held on 28 September 2015, to help boost Member attendance at Audit Training sessions, it was resolved that :-

'With regard to the Governance Committee, these meetings will start at 6.30 p.m. unless there is audit training before the meeting which will mean the Committee meeting will start at 7 p.m.'

The Committee re-considered the above previous resolution and its audit training arrangements for 2016/17 and it was proposed by Councillor Orson that the Committee start time revert back to 6.30 p.m. and any training start at 5.30 or 5.45 p.m. as appropriate. Councillor Sheldon seconded and on being put to the vote, the motion was carried.

It was noted that two audit sessions per year may be sufficient for the current Members however any new Members to the Committee may need more audit training and this would be assessed once the Committee membership was known.

There was a discussion on whether audit training was classified as essential and the Chief Executive advised that it was for Members to decide whether it was to be categorised as essential in the same way as Equalities training had been added to the Constitution. It was noted that the presentation from that evening's training would be circulated to the Committee so that those who did not attend would have the opportunity to receive an overview of the training.

RESOLVED that future meetings of the Governance Committee start at 6.30 p.m. and any audit training held before the Committee meeting, start at 5.30 or 5.45 p.m. as appropriate.

G68. **INFORMATION MANAGEMENT**

The Chief Executive

- (a) submitted a report on behalf of the Head of Communications (copies of which had previously been circulated to Members) which allowed the Committee to consider and note the current position regarding Information Management;
- (b) explained that the report outlined how the Council worked with its partners, the process followed for transferring staff and services to Parkside including the workshops, protocols and PR that were in place to induct and familiarise staff with the new ways of working and managing information. One of the new ways of working was the Information Management Group which was led by the Monitoring Officer and worked closely with a similar County group. The report also explained how staff were trained using a Learning Pool tool called MIKE. Protective marking was mentioned and that this was to be rolled out to the Council and involved categorising information in a similar way to the Civil Service which meant that more emails could be protectively marked and some larger Councils had already implemented this way of working to protect information held about people. With regard to transparency, there was a quotation included in the report from the Welland Internal Audit Consortium which referred to the Council exceeding the requirements of publishing information;
- (c) further mentioned the reporting framework that the Member Task Group had developed since 2010 using a scorecard approach that included a range of activities to assess progress rather than just a Performance Indicator system. This was to be refreshed and updated in accordance with changes in the law as well as to reflect the Melton Extending to Excellence (ME2E) programme. The report gave an interpretation of information management over the past 5 years.

A Member referred to the paper being useful and such information systems were needed to protect people and information and prevent people from being disadvantaged. It was noted that protocols and systems were needed by Councils, the Police and other government bodies to keep information secure. This may also mean changes for Councillors in the way emails were handled.

RESOLVED that the report be noted.

G69. **CODE OF CONDUCT UPDATE**

The Monitoring Officer

- (a) submitted a report (copies of which had previously been circulated to Members) which updated 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 against Councillors under the Council's process;

- (b) explained that with regard to the Parishes, although all the known outstanding Disclosable Pecuniary Interests forms had been received, due to parish co-option arrangements new registration of Disclosable Pecuniary Interests could be expected at any time;
- (c) stated there was one outstanding complaint and a meeting of Sub Committee 2 had been arranged to determine this complaint. The Task Group had been arranged for 14 April 2016 to consider the Member Complaints process. She referred to continuing to work with the Independent Persons and that one of the Parish Representatives was no longer a Parish Councillor but there were two other Parish Representatives if needed;
- (d) stated that she was advised that Belvoir Parish Council had not submitted their annual return and she had no powers on this matter. She stated that she had contacted the Parish Council to remind them of the importance of submitting their accounts and advised that assistance from LRALC had also been offered. She asked the Committee for any direction on this matter.

It was noted that the LCC Ward Councillor was aware of the issue and intended to attend the next Parish Council meeting.

RESOLVED that the update on the position of standards matters including Parishes' Registration of Disclosable Pecuniary Interests and Other Interests and complaints against Councillors under the provisions of the Localism Act be noted.

G70. CONSTITUTION UPDATE 2015 16

The Monitoring Officer

- (a) submitted a report (copies of which had previously been circulated to Members) which requested the Committee to consider constitutional items and those approved be referred to the Council for adoption and incorporation into the Council's Constitution;
- (b) circulated a revised Calendar of Meetings 2016 17 which included a Planning Committee on 7 July 2016 that had been missing from the original Calendar circulated with the agenda.

It was requested that the Annual Meeting scheduled to be held on Tuesday 16 May 2017 be moved to Thursday 18 May 2017. However there was no seconder for this proposal.

It was noted that this meeting was not on a Wednesday as this was the date of the Leicestershire County Council's Annual Meeting.

It was noted that there may be changes to the Calendar of Meetings before it goes to the Annual Meeting on 17 May 2016 for approval due to the Committee Chairmanships not yet being known.

With regard to the change proposed at (b) relating to Procedure Rule 20.1, it was asked how employees were protected in such instances. The Head of Communications responded that training was provided and a Conflict Management course was to be held shortly.

The Committee considered the following and with regard to Procedure Rule 20.1, it was requested that 'or Chairman' be added in brackets after the word 'Mayor' to indicate when such instances occurred at Committees :-

(a) Contract Procedure Rules (CPR) : Exemptions

Revised Contract Procedure Rules Exemptions as set out at Appendix A and these replace the existing exemptions within the CPR in Part 4 of the Constitution.

(b) Council Procedure Rule 20.1

The following existing Procedure Rule 20.1 apply to Committees and Sub Committees :-

Removal of member of the public

20.1 If a member of the public interrupts proceedings, the Mayor will warn the person concerned. If they continue to interrupt, the Mayor will order their removal from the meeting room.

(c) Council Procedure Rules 14.1 and 14.2

The italic formatting be removed to the existing Procedure Rules being 14.1 and 14.2 as these rules do not apply to Committees and Sub Committees :-

14. PREVIOUS DECISIONS AND MOTIONS

Motion to rescind a previous decision

14.1 *A motion or amendment to rescind a decision made at a meeting of Council within the past six months cannot be moved unless the notice of motion is signed by at least six Members.*

Motion similar to one previously rejected

14.2 *A motion or amendment in similar terms to one that has been rejected at a meeting of Council in the past six months cannot be moved unless the notice of motion or amendment is signed by at least six members. Once the motion or amendment is dealt with, no one can propose a similar motion or amendment for six months.*

(d) New Officer Delegation to Head of Communities and Neighbourhoods

A new Officer Delegation to the Head of Communities and Neighbourhoods as follows :-

To make applications relating to Road Closures under Section 21 of the Town Police Clauses Act 1847.

RESOLVED that

(1) the following items (a)-(d) be approved and referred to Full Council for adoption in the Constitution :-

(a) Contract Procedure Rules (CPR) : Exemptions

To approve the Contract Procedure Rules Exemptions as set out at Appendix A and these replace the existing exemptions within the CPR in Part 4 of the Constitution.

(b) Council Procedure Rule 20.1

To approve that the following existing Procedure Rule 20.1 apply to Committees and Sub Committees :-

Removal of member of the public

20.1 If a member of the public interrupts proceedings, the Mayor (or Chairman) will warn the person concerned. If they continue to interrupt, the Mayor (or Chairman) will order their removal from the meeting room.

(c) Council Procedure Rules 14.1 and 14.2

To approve that the italic formatting be removed to the existing Procedure Rules being 14.1 and 14.2 as these rules do not apply to Committees and Sub Committees :-

14. PREVIOUS DECISIONS AND MOTIONS

Motion to rescind a previous decision

14.1 *A motion or amendment to rescind a decision made at a meeting of Council within the past six months cannot be moved unless the notice of motion is signed by at least six Members.*

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(d) New Officer Delegation to Head of Communities and Neighbourhoods

To make applications relating to Road Closures under Section 21 of the Town Police Clauses Act 1847.

(2) the Calendar of Meetings 2016 17 be agreed for referral to the Annual Meeting for approval.

G71. URGENT BUSINESS

There was no urgent business.

EXCLUSION OF THE PUBLIC

RESOLVED that the Public be excluded during the consideration of the following items of business in accordance with Part 1 of Schedule 12A of the Local Government Act 1972 (Access to Information: Exempt Information) under Paragraphs 1 and 2 (Minute G72) and Paragraphs 1, 2, 3 and 5 (Minute G73).

G72. AWARD OF MERIT SCHEME – AWARDEES 2015 16

The Chair of the Committee submitted the Award of Merit Task Group's report on behalf of the Mayor (copies of which had previously been circulated to Members) which presented the Task Group's recommendations for awards. She advised that a special Mayor's awards for achievement was to be presented to Claire Lomas at the Awards Ceremony which was separate to the Award of Merit Scheme.

Due to the high number of submissions this year, there was a short discussion on the difficulties that faced the Task Group on those who were volunteers and those in paid employment. There was a suggestion that the format be changed to accommodate a new award for working people and this be included in next year's awards and this could be considered when the Terms of Reference were presented at the first meeting in the new Civic year. It was noted that any recommendations on the way the Task Group operated needed to be approved by this Committee.

RESOLVED that

- (1) the list of proposed awardees be approved at exempt Appendix A;
- (2) it be noted that the presentations will be made by the Mayor at a special reception and ceremony on 20 April 2016 at Brooksby Melton College.

G73. FREEDOM OF INFORMATION – TRIBUNAL OUTCOME

The Head of Communications submitted a report (copies of which had previously been circulated to Members) which updated the Committee on the outcome of the recent appeal to the First Tier Tribunal.

RESOLVED that the report be noted.

The meeting which commenced at 7.00 p.m., closed at 8.43 p.m.

Chairman