

GOVERNANCE COMMITTEE

PARKSIDE, STATION APPROACH, BURTON STREET, MELTON MOWBRAY

28 JUNE 2016

PRESENT

Councillors M.R. Sheldon (Vice-Chairman in the Chair)  
M. Blase; P. Cumbers; J. Illingworth,  
J.B. Rhodes; J. Simpson

Head of Communications and Monitoring Officer  
Head of Central Services; Welfare, Housing & Revenue Manager,  
Democracy & Involvement Officer

Internal Auditor (LGSS) – Rachel Ashley-Caunt  
External Auditor – Steve Clark

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G.1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Chandler, Douglas, Hurrell, and Manderson.

G.2. MINUTES

Councillor Cumbers declared a personal and non pecuniary interest in the exempt minute G73: Freedom of Information – Tribunal Outcome from the 7 April meeting.

The Minutes of the Governance Committee held on 7 April 2016 were confirmed and authorised to be signed by the Vice-Chairman.

The minutes of the Governance Sub-Committee 2 meeting held on 21 April 2016 were noted.

G.3. DECLARATIONS OF INTEREST

Councillor Rhodes declared a personal interest in any items related to Leicestershire County Council due to his position as County Councillor.

Councillor Rhodes further declared a personal and pecuniary interest in agenda item 9, Sundry Debtors Update and indicated he would leave the room when this item was being considered.

#### G.4. RECOMMENDATIONS FROM OTHER COMMITTEES

There were no recommendations or reports submitted from other Committees.

#### G.5. UPDATE ON DECISIONS

On behalf of the Chief Executive, the Monitoring Officer submitted a report (copies of which had previously been circulated to Members) which provided an update on decisions from previous Meetings of this Committee. There being no comments or questions forthcoming from Members, it was

**RESOLVED:** that the Update on Decisions document be noted.

#### G.6. INTERNAL AUDIT ANNUAL REPORT 2015/16

The Internal Auditor

(a) submitted a report (copies of which had previously been circulated to Members) the purpose of which was to report upon and provide an opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework that can be used by the organisation to inform its Annual Governance Statement;

(b) highlighted the annual assurance opinion and advised that although there were some areas of weakness identified in the limited assurance reports, overall the assurance given was sufficient based on the actions taken by management and the materiality of issues. From the 2015/16 audit reports, 96% of the actions arising had been fully implemented by the Council within the agreed timescales;

(c) referred Members to the remainder of the report which set out the basis for her opinion, drawing attention to the table at Appendix 1 which set out all the audit assignments and the key findings. An update was given as at 16 April 2016 on the areas identified;

(d) drew Members' attention to the performance of the Internal Audit service itself which showed that it had performed successfully against all three criteria. Appendix 2 covered the self assessment against the Public Sector Internal Audit Standards and included the evidence for compliance.

A Member raised a question on what funds the Council put into the Wheels to Work scheme. The Head of Central Services explained that the Council employed staff to support the service and therefore incurred expenditure for which it received grant funding. The net cost to the Council was £88K including overheads, therefore the grant funding did not cover all the Council's costs. It was moved and seconded that the report be noted.

**RESOLVED:** To receive and note the Internal Audit Annual Report and Assurance Opinion for 2015/16.

#### G.7. INTERNAL AUDIT PLAN UPDATE

The Internal Auditor

(a) submitted a report (copies of which had previously been circulated to Members) the purpose of which was to update Members on progress made in delivering the 2016/17 Annual Audit Plan and key findings arising from audit assignments completed. The Internal Auditor summarised the key areas on the delivery of the Internal Audit Plan which included an update on each of the current assignments. Good progress was being made in delivering the plan at this early stage in the year;

(b) drew Members' attention to the assignment relating to CCTV Coverage; this was the first time that Internal Audit had reviewed this area and there were 6 recommendations arising to further improve the controls. An opinion of Sufficient Assurance had been given on the controls in place;

(c) referred to another assignment in relation to Fees and Charges, covering both statutory and discretionary fees: an opinion of Sufficient Assurance overall had been given with a recommendation in relation to where further evidence could be retained. There were no serious areas of concern arising;

(d) concluded by briefly referring to Appendix 3 of the report which gave an overview of the implementation status of Audit recommendations.

Members indicated they accepted the report, and it was accordingly

**RESOLVED:** to note the report and progress made by the Internal Audit team in delivery of the Audit Plan.

#### G.8. FRAUD LOG 2015/16

The Internal Auditor submitted a report (copies of which had previously been circulated) to update Members on any suspected non-benefit frauds reported to Internal Audit during 2015/16 and included details of work undertaken during the year further to develop the Council's counter fraud controls. The Internal Auditor

(a) explained that a fraud log was maintained and any monies lost are recorded and attempts to recover are undertaken through liaison with the management. Proactive work was carried out on counter fraud activities and the importance of the whistle blowing policy had been reinforced through sessions with staff;

(b) stated that a review of the Council's money laundering arrangements was included in the Audit Plan for 2016/17 which included the provision of training to high risk staff;

(c) advised that she was currently engaged on a fact finding investigation following a whistle blowing report, the outcome of which would be reported to the Committee as appropriate following its completion.

A number of questions were then raised on the table at Appendix 1 which contained two instances of where suspected fraud had been reported. The Internal Auditor and Head of Central Services gave clarification on the circumstances surrounding both cases and the resultant outcomes.

**RESOLVED:** that the report be noted.

[Councillor Rhodes here left the meeting at 6.51pm.]

#### G.9. SUNDRY DEBTORS' UPDATE

Members had before them a report previously circulated and presented by the Welfare, Housing & Revenue Manager on behalf of the Head of Communities & Neighbourhoods. The report provided Members with an update on the collection of Sundry Debts in response to Audit action plans. The Welfare, Housing & Revenue Manager

(a) advised Members that at any one time there were approximately 1600 individual debtors and outlined the process followed in order to try and recover the debts. As at 16 June there was just over £1m of sundry debts outstanding; £347K was within 90 days old with the majority of the debt being owed by Leicestershire County Council. Following the Internal Audit Action Plan some service improvements had been made;

(b) explained that there was support in place for the debtors through a range of money advice services, including the Council's Me and My Learning project; a large proportion of the debts came from the Council's most vulnerable tenants;

(c) drew Members' attention to Appendix A of the report which set out the pattern of debt over the last few years. Since the Council had employed a Sundry Debtor assistant to help reduce the arrears and engage with customers through proactive pursuit of debts, the number of outstanding debts had fallen. This fixed term post ends in October 2016.

Confirmation was sought and given that the arrangements made with the debtor to clear the debt was through the Council itself and not the Courts. The Welfare, Housing & Revenue Manager explained that up front payments for services such as pest control for example were encouraged where feasible as this reduced the risk of the debt accumulating. In response to a question on the debt owed by the County Council, the Officer explained that these were the easiest debts to collect but they had to be proactively chased. A Member expressed concern at whether debts were sold. The Officer replied that this had been considered in the past

and discussions held with the Council's bailiffs but not pursued as there was the risk that the debts could be sold on again to unscrupulous debt collectors and the Council would not wish to be associated with that kind of activity. Members indicated acceptance of the report and accordingly, it was

**RESOLVED:** to note

(1) the current role of the Council regarding the collection of sundry debts following the recent Sundry Debt Audit;

(2) the general performance and break down of current Sundry Debt at Appendix A;

(3) the Sundry Debt Audit action plan following the recent Sundry Debtor audit and proposed actions to improve the service at Appendix B.

[Councillor Rhodes here returned to the meeting at 6.58pm]

#### G.10. HOUSING BENEFIT PROCESSING AND PERFORMANCE MANAGEMENT

The Welfare, Housing & Revenue Manager submitted a report (previously circulated with the agenda) on behalf of the Head of Communities & Neighbourhoods. The report provided Members with an update on the current benefit performance and the measures put in place effectively to manage performance in relation to benefit processing across the authority.

The Officer highlighted that since the report to this Committee on 31 March 2015, the Subsidy claim for 2014/15 was signed off by External Audit and DWP. There had been improvements in the areas identified and the Council had not had to pay money back through the Subsidy for the second year running. There was still an area of concern relating to accuracy as evidence for claims still had to be checked manually. An external benefit consultant had been commissioned to review the entire quality assurance process and as a result, a new performance framework and accuracy targets set for the benefit processors. This had been in effect since 16 April of this year.

A comment was made that the paper offered a lot of reassurance to Members and accordingly, it was

**RESOLVED:** to note the performance as at Appendix A and the proposed actions to improve the benefit processing service.

## G.11. ANNUAL GOVERNANCE STATEMENT

Members had before them a report prepared jointly by the Monitoring Officer and the Head of Central Services (Section 151 Officer) that had previously been circulated with the agenda. The report explained the requirements for the Council to produce an Annual Governance Statement (AGS) which was a key component of the Council's governance arrangements and sought approval of the document.

The Monitoring Officer drew attention to

(a) the AGS set out at Appendix A which followed CIPFA/SOLACE guidance using best practice format. Changes to the guidance had been made which would be effective next year;

(b) page 8 of the AGS which referred to RIPA (Regulation of Investigatory Powers Act 2000); the Council was due for its next inspection this year on the use of covert surveillance in accordance with the provisions of RIPA. The Council had not undertaken any RIPA authorisations in the last year or for the last 3 years. The Council's RIPA policy is reviewed on a regular basis and would be brought back before Members for them to approve the current policy; and

(c) some weaknesses in the Council's Health & Safety systems which had been identified in an internal audit report in August 2015. All of the recommended actions from the Audit had now been completed.

The Head of Central Services emphasised that the AGS was currently a draft document as the Council was required to produce a draft statement to publish alongside the Statement of Accounts. A draft was provided for Members so that they had an opportunity for input into the document and also for it to be available for the annual audit. A final version would be published in September; it was not intended to bring the document back to the Committee unless significant changes were required between now and it being signed in September by the Leader and Chief Executive.

A Member commended the positive message contained in the report and the hard work it represented, following which it was

### **RESOLVED:**

(1) to approve the Draft Council's Annual Governance Statement as set out in Appendix A to the report; and

(2) to note the progress from the action plan from 2015/16 at Appendix B and that Appendix C is the compliance grid as required under the Data Quality Framework.

[The Internal Auditor here left the meeting.]

## G.12. PROVISION OF INTERNAL AUDIT SERVICES

The Head of Central Service presented a report (copies of which had previously been circulated to Members) the purpose of which was to update the Committee on the proposal being considered for the future provision of internal audit services by the Welland Internal Audit Board.

The Head of Central Services

(a) set out the out the background to what was currently a hybrid internal audit service at present. The Welland shared service which currently provided the Council's internal audit service was hosted by Rutland County Council who employed the internal audit team supported by interim external support from the Local Government Shared Service (LGSS). Rutland County Council no longer wished to host the service;

(b) referred to past poor performance by the service which had been turned around under the existing service managed by LGSS. The current arrangement with LGSS was in place until 31 March 2017;

(c) outlined the options for going forward for delivery of the service which had concluded that the collaboration/delegation model (another Council take over the audit service) was the most appropriate. Each partner authority would individually delegate the service to LGSS and the staff currently employed by Rutland County Council would be TUPE transferred. This would not result in a cost charge to the Council and would deliver the service within the same fee envelope;

(d) advised that the proposal had not been brought before the Committee at this stage as the partner Section 151 Officers had not yet an opportunity to discuss the draft proposals with LGSS. However, the Committee was asked to support this approach subject to a further report being submitted to the September meeting, with a view to a formal recommendation to Full Council.

After the Head of Central Services had clarified a Members' query on the terms of the arrangement, it was

**RESOLVED:**

(1) to support the move to a full delegation of the internal audit service to the Local Government Shared Service;

(2) that a further report be submitted to the September meeting of the Governance Committee on the detail behind the proposal with a view to making a recommendation to Full Council.

**G.13. REVIEW OF MEMBER COMPLAINTS PROCESS**

On behalf of the Member Complaints Process Review Task Group, the Monitoring Officer presented a report which had previously been circulated updating the Member Complaints Process for further consideration and approval by Full Council. The Monitoring Officer

(a) stated that the Task Group had met twice and following their deliberations a new flow chart to represent the Complaints Process had been produced which was attached at Appendix A;

(b) outlined the main changes which included giving the Monitoring Officer additional powers (in consultation with the Independent Person and Chair or Vice Chair of Governance Committee) to choose to:

- Make a decision at stage 1 regarding taking no action, other action or sending for investigation;
- Close a complaint where the investigation finds no potential breach of the code of conduct.

A Member stated that the Task Group had been satisfied with this new delegation as Members had wanted the Monitoring Officer to be able to act and an early intervention. A query was raised as to whether there was any definition of informal resolution and if so, where this could be found. The Monitoring Officer advised that extra guidance on what was meant by informal resolution could be incorporated into Appendix B – Explanatory Notes on the Member Code of Conduct Complaints Process. The Committee indicated its agreement to this inclusion.

**RESOLVED:**

(1) To agree the revised Member Complaints Process as contained in Appendices A and B, subject to the inclusion of guidance on what was meant by informal resolution in the Explanatory Notes at Appendix B, together with a revised Complaints Form at Appendix C;



(2) the revised process be recommended to Full Council for adoption.

#### G.14. 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 dealt with under the Council's process;

(b) advised that both Borough and Parish Councillors had been reminded to check that their DPI forms were up to date at the start of the new civic year;

(c) explained that the Independent Persons continued to meet on a regular basis with her to discuss any issues and generally keep up to date on standards matters. They were also involved in meetings with the Leicestershire group of Monitoring Officers which provided an opportunity to share experiences and learning with officers in the same role. With regard to the Parish Representatives, it was usually the case that these were appointed in the new civic year by the Melton Branch of the Leicestershire & Rutland Association of Local Councils.

A Member asked if the rest of the county used a pool of Independent Persons. The Monitoring Officer replied that there was a county pool but Melton had decided to appoint its own 2 Independent Persons, although one of those was part of the county pool as well. A brief discussion ensued on whether the Council should reconsider joining the pool during which the Monitoring Officer advised that the Independent Persons within a pool of people tended not to get the level of experience that Melton's 2 Independent Persons received. Melton's Independent Persons were paid an allowance whereas those in the pool were volunteers and not paid. As referred to in the report, the Monitoring Officer met with the 2 Independent Persons fairly regularly which would be more difficult to do so with a larger group of people.

Having regard to the advice given, Members felt they were happy with the work being carried out by the 2 Independent Persons and this provided a level of continuity. Also, the quality amongst Independent Persons could vary and this would be difficult to ensure. The Committee agreed to the recommendation.

**RESOLVED:** to note the update on the position of standards matters including Parishes' Registration of Disclosable Pecuniary Interests and Other Interests and

complaints against Councillors dealt with under the provisions of the Localism Act.

#### G.15. CONSTITUTION UPDATE 2016/17

The Monitoring Officer 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. Members indicated they were in agreement with the recommendations as set out in the report and accordingly it was

**RESOLVED:** that the following items (a) to (e) be approved and referred to the Full Council for adoption in the Constitution:

(a) Part 6 – Members' Allowances Scheme

To note the revised Members' Allowances Scheme following the recent NJC Pay Award of 1.0 % as set out at Appendix A;

(b) Town Area Committee – new delegation

To approve a new delegation to the Town Area Committee to enable the Committee to be consulted on relevant policy matters that affect the town as follows :-

*6. To carry out a consultative role with respect to any policy matters which relate to or could impact upon the town of Melton Mowbray (this is in addition to those matters set out at 3 and 4 above);*

(c) Political Balance of Working Groups

(i) The principle of working groups being politically balanced across working groups as well as within each working group be approved in the same way as for Committees and Sub Committees. The following table shows the allocation of seats across the current number of working groups :-

Group	No. of Councillors	Percentage	Allocation of Seats over 6 Working Groups
Conservative	25	89.29%	40.18 = 40
Independent	2	7.14%	3.21 = 3
Single Cllr	1	3.57%	1.61 = 2
Totals	28	100%	45 seats

(ii) The following table shows the allocation of seats for approval across the current working groups :-

<b>Working Groups 2016-17</b>	<b>Budget &amp; Strategic Planning (6)</b>	<b>Cattle Market (8)</b>	<b>Joint Staff (7)</b>	<b>Melton Local Plan (9)</b>	<b>Sports, Leisure &amp; Culture (9)</b>	<b>Tenant Consultative (6)</b>	<b>Total</b>
Conservative	5 (5.36%)	7 (7.14%)	6 (6.25%)	8 (8.04%)	8 (8.04%)	5 (5.36%)	<b>39</b>
Independent	0 (0.43%)	1 (0.57%)	1 (0.50%)	1 (0.64%)	1 (0.64%)	0 (0.43%)	<b>4</b>
Single Cllr (Labour)	1 (0.21%)	0 (0.29%)	0 (0.25%)	0 (0.32%)	0 (0.32%)	1 (0.21%)	<b>2</b>
<b>Totals</b>	<b>6</b>	<b>8</b>	<b>7</b>	<b>9</b>	<b>9</b>	<b>6</b>	<b>45</b>

(d) New Working Group - Economy Board

To approve the establishment of a new working group called the Economy Board, terms of reference to be as set out at Appendix B.

Should 2.1(c) above and this new board be approved the political balance within the new group and taking account of the extra seats across 7 working groups be as follows :-

<b>Working Groups 2016-17</b>	<b>Economy Board (7)</b>
Conservative	6 (6.25%)
Independent	1 (0.50%)
Single Cllr (Labour)	0 (0.25%)
<b>Totals</b>	<b>7</b>

(e) New Task and Finish Group – Transformation and Efficiency Board

To approve the establishment of a new task and finish group called the Transformation and Efficiency Board comprising 5 Members that reports to the Policy, Finance and Administration Committee with the terms of reference to be as set out at Appendix C.

G.16. RECONSTITUTION OF TASK GROUPS

**Award of Merit Task Group**

The Committee was asked to

- (a) reconstitute and appoint Members to the Award of Merit Task Group which usually included the current Mayor and Deputy Mayor;
- (b) consider and agree the terms of reference in respect of the Mayor's Awards as circulated with the agenda.

A brief discussion ensued about the fairly open nature of the membership of the Task Group and that it was useful to have past Mayors sitting on the Group as well as the current Mayor and Deputy Mayor. Members were mindful that as there were only 6 members of the Committee present, they felt the membership should be determined by the Full Council.

**RESOLVED:**

- (1) that the Mayor's Awards Task Group be reconstituted and the terms of reference as circulated with the agenda be agreed;
- (2) the membership of the Task Group be referred to Full Council to determine.

**Performance Management Task Group**

The Committee was asked to:

- (a) reconstitute and appoint members to the Performance Management Task Group; and
- (b) consider and agree the terms of reference in respect of this Task Group as set out below:-

- To have oversight of the Councils Performance Management System and monitor the Councils Improvement Plan, as required.
- To monitor the openness of the Council in its dealings, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.
- To ensure that the Council has satisfactory measures in place to promote economy, efficiency and effectiveness.
- To consider reports of inspection agencies and seek assurance that action is taken on any issues raised in these reports.

The Committee agreed to reconstitute the Performance Management Task Group and to agree the terms of reference as stated. However, it felt that determination of the membership should be referred to Full Council.

**RESOLVED:**

- (1) that the Performance Management Task Group be reconstituted and the terms of reference be:
  - To have oversight of the Councils Performance Management System and monitor the Councils Improvement Plan, as required.

- To monitor the openness of the Council in its dealings, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.
- To ensure that the Council has satisfactory measures in place to promote economy, efficiency and effectiveness.
- To consider reports of inspection agencies and seek assurance that action is taken on any issues raised in these reports.

(2) the membership of the Task Group be referred to Full Council to determine.

#### G.17. URGENT BUSINESS

There was no other item that the Vice Chairman considered urgent business.

The meeting which commenced at 6.30 pm, closed at 7.33 pm.

Vice - Chairman

