

Minutes

Meeting name	Governance Committee
Date	Tuesday, 20 November 2018
Start time	6.30 pm
Venue	Parkside, Station Approach, Burton Street, Melton Mowbray LE13 1GH

Present:

Chair Councillor P. Cumbers (Chair)

Councillors J. Simpson (Vice-Chair) M. Blase
J. Douglas P. Faulkner
M. Glancy J. Wyatt
J. Orson (Substitute)

Observers

Officers Chief Executive
Director for Legal and Democratic Services
Director for Corporate Services
Head of Internal Audit
Administrative Assistant Elections & Member Support

Minute No.	Minute
G103	<p>Apologies for Absence Apologies for absence were received from Councillor Posnett. Councillors Bains and Illingworth were not present.</p>
G104	<p>Minutes The minutes of the meeting held on 18 September 2018 were confirmed and authorised to be signed by the Chair.</p> <p>The exempt minutes of the meeting held on 18 September 2018 were confirmed and authorised to be signed by the Vice Chair.</p>
G105	<p>Declarations of Interest Councillor Orson declared a personal interest in any matters relating to the Leicestershire County Council, due to his role as a County Councillor.</p>
G106	<p>Internal Audit Progress Report The Head of Internal Audit</p> <p>(a) submitted a report (copies of which had previously been circulated to Members) which updated the Committee on progress made in delivery of the 2018/19 Annual Audit Plan and key findings arising from audit assignments completed since the last Committee meeting;</p> <p>(b) highlighted that 65% of planned assignments were either complete or in progress and a copy of the Audit Plan (Appendix A of the report) showed the progress made on all planned audit assignments.</p> <p>(c) confirmed that since the last Committee meeting, three reports had been finalised and the key findings were set out at section 2.5 of the report</p> <ol style="list-style-type: none"> i. <u>Absence Management</u>: Sample testing had confirmed that sickness absence figures were complete. Actions were being taken to record, monitor and take action in relation to sickness absences, in line with the existing policy (all except one absence was found to be recorded accurately on the system. This had already been identified by the Human Resources Department and was being addressed). It had been noted that the Council's performance reporting on sickness absence should be improved. Testing on flexi and annual leave did not highlight any areas of concern. An overall good assurance opinion had been given by Internal Audit. ii. <u>Travel expenses</u>: A sample of travel claims and subsistence had been reviewed, revealing that consistent documentation for recording travel claims was used but there were some areas of inconsistency in applying Council policy (on calculating the claimable mileage). These had been referred to Senior Management for further consideration.

Review of the Essential Car User Scheme confirmed that a set criteria for the Scheme should be defined and essential car users should be regularly reassessed against the set criteria. Analysis of a sample of rail travel claims demonstrated that the claim form was consistently used for booking rail journeys, there was evidence of manager review and authorisation and supporting evidence (rail tickets retained and available for review). It was confirmed that the rates paid in excess of the HMRC's approved mileage rates was taxable and this tax was paid via payroll. Based upon these findings, a satisfactory assurance opinion had been given by Internal Audit.

- iii. Debt management – Consultancy: Internal Audit found that policies and procedures required modernising and training should be delivered to emphasise and clarify the debt recovery arrangements and responsibilities. The sundry debt recovery process was less effective than other debt recovery processes and a strategy to incentivise service areas and ensure escalation for persistent non response should increase recovery efficiency. In addition, there were a number of areas related to reoccurring debtors, where pre-payment and direct debit optimisation could be used to make debt recovery more effective. Benchmarking on areas for improvement was undertaken with other Leicestershire districts to compare and contrast the Council's current debt position. This highlighted areas for development, which Senior Management would take forward.

(d) advised that since the last Committee meeting, eight actions from audit reports had been completed. There were twelve actions overdue for implementation, as detailed at Appendix 3 of the report and only one of these actions was high value, as detailed at Appendix 4 of the report.

A Member queried why the Debt Management assignment was undertaken as consultancy work and the Head of Internal Audit advised that this was intended to assess the Council's performance rather than compliance and good practice.

The Chair suggested that the progress made on debt recovery be reported to this Committee in March 2019 and Members agreed.

A Member raised Universal Credit (in relation to the benchmarking, asking how the number of claims and the effect on benefits compared with other districts. The Director for Corporate Services advised that this information could be sought but highlighted that Universal Credit was not related to sundry debts.

Another Member drew attention to the Implementation of Audit Recommendations, asking if the overdue actions highlighted a pattern, which should be focussed on. The Head of Internal Audit advised that there were a small number of 'historic' overdue actions, which should be prioritised and progressed. She reassured Members that overdue actions were not concentrated to a particular directorate or service. Senior Management received regular updates on all overdue actions and it was anticipated that many of these would be implemented by January 2019. The

Chief Executive reiterated that Senior Management regularly monitored the implementation of Audit recommendations and additional resources were directed to services if necessary. The position presented to Members at this meeting demonstrated an improved position.

Members agreed that the number of overdue actions was low and commented that the information provided was invaluable. It was suggested that the overdue actions be specified within future progress reports, as this would help Members to identify which areas should be focussed on. The Head of Internal Audit confirmed this information would be included in future reports.

There being no further comments or questions from Members, it was

RESOLVED that

- (1) the report be noted, together with the progress made by the Internal Audit team in delivery of the Audit Plan;
- (2) the progress made on debt recovery be reported to this Committee in March 2019.

G107

Internal Audit Planning 2019/20

The Head of Internal Audit

- (a) submitted a report (copies of which had previously been circulated to Members) which provided an overview of the Audit Planning process for 2019/20 and consulted Members on risk areas for consideration in development of the Audit Plan;
- (b) gave a brief summary of the report, advising that it set out for Members the proposed approach to the development of the Audit Plan for 2019/20;
- (c) advised that the approach was in accordance with the Public Sector Internal Auditing Standards and intended to ensure the Council developed a risk based Audit Plan, which provided the Committee and Senior Management with the assurances they required;
- (d) confirmed that the approach involved
 - a review of the risk registers and the Corporate Plan
 - mapping of existing assurances, including those from Internal Audit
 - a review of gaps in current assurances or areas of weakness previously identified, which required re-review
 - consideration of the Peer Review, which explored risk areas, to limit any duplication of work
 - identifying any areas of the Audit Universe (potential areas for audit review across the Council) which had not been subject to review previously

- consultation with this Committee and meetings with each member of Senior Management Team to discuss key risks and issues for the year ahead and any consultancy work which would add value;

(e) advised that the draft audit plan would be presented to the Governance Committee for formal review and approval in March 2019, at which point refinements could be made if necessary;

(f) requested that Members highlight any risk areas where the Committee required assurance during the year ahead.

The Chief Executive highlighted the importance of following the terms of reference of this Committee, in relation to audit purposes. The remit was to ensure the Council complied with legal requirements, rather than scrutinising performance.

A Member queried if Internal Audit undertook audits on organisations who the Council worked in partnership with (such as the Cattle Market and the Leisure services contract. The Director for Corporate Services advised that the Council carried out an annual inspection of the Cattle Market accounts, as income sharing arrangements were in place. However, the Leisure contract paid a management fee to the Council and as such, no inspection of their accounts was undertaken.

Members suggested that the following areas be looked at by Internal Audit:-

- homelessness
- Council website
- private properties – empty homes
- Council void properties
- housing allocations

There being no further comments or questions from Members, it was

RESOLVED that

(1) the proposed approach to developing the Audit Plan for 2019/20 be approved;

(2) any risk areas where the Committee requires assurance during the year ahead were highlighted.

G108

Fraud Update

The Head of Internal Audit

(a) submitted a report (which had previously been circulated to Members) which updated the Committee on the implementation and latest status of the Counter Fraud Action Plan;

(b) highlighted that the Counter Fraud Strategy Action Plan (at Appendix A of the Report) had been introduced last year (to be reviewed on a six-monthly

basis by this Committee), to ensure that the Council's counter fraud arrangements were constantly monitored and strengthened and that best practice was adopted wherever possible;

- (c) advised that the Action Plan incorporated all areas for possible improvement, identified in the assessment against the CIPFA Code of Practice and any other areas identified by Senior Management and Internal Audit;
- (d) confirmed that all actions since the last meeting of this Committee on 18 September 2018, had been completed. The 11 November to 17 November 2018 had been Fraud Awareness week. Publicity to raise staff awareness of personal and corporate fraud and build confidence in raising concerns had taken place. This included training from the Cyber Security Advisor at East Midlands Special Operations Unit, which had been well received by staff. Any staff who were unable to attend this training would have the opportunity to attend a further session on 10 December.

Members queried how much money had been recovered from past frauds. The Head of Internal Audit advised that this information was not currently available. It was reported annually with the Fraud Log and would be submitted to this Committee in June 2019. The report would be limited to corporate fraud and would not include benefit fraud. The Director for Corporate Services added that a final report on recovery of monies from the creditor fraud would be submitted to Members when the final position was known.

There being no further comments or questions from Members, it was

RESOLVED that the status of the Counter Fraud Action Plan be noted.

G109

Update on Governance Arrangements

The Director for Legal and Democratic Service submitted a report (copies of which had previously been circulated to Members) receiving the Leader's report on the Governance Development Group's work on the review of governance arrangements (which would be considered by the Extraordinary meeting of the Council on 21 November 2018) and requesting the Committee's comments on the Leader's report.

Referring to the presentation slides, which had been circulated during the meeting, the Chief Executive

- (a) advised that the Council had commissioned the Local Government Association's (LGA) Peer Challenge, which had been undertaken in December 2017. This had resulted in a list of recommendations, concerning capacity, prioritisation and governance (together with a report and Action Plan) from the LGA, which were accepted by Council. The Council responded by prioritising a number of the identified areas and took steps to improve (and it continued to focus on capacity and prioritisation issues). A

further review of the Council's governance arrangements had been undertaken by the LGA in March 2018;

(b) highlighted the key findings of the LGA Governance Review, which had confirmed and validated the views of Members and officers. These were:-

- Where policy development happened was unclear
- Risk that "Everyone involved in everything"
- Lack of clarity over leadership resulted in costly and slow decision making
- Overlaps between the committees
- Sub structures diluting and disempowering committees
- Scheme of delegation too inflexible and rigid
- Council's governance needed a radical overhaul

(c) emphasised that the Committee's observations of the Council's lack of a 'check and challenge' function were accurate. He acknowledged that the Committee was eager to ensure that the Council's decision making and performance were effective. However, 'check and challenge' was not within the scope of this Committee's Terms of Reference. The proposed Cabinet model would provide for a 'check and challenge' function in the form of Scrutiny.

Also referring to the presentation slides, the Director for Legal and Democratic Services

(a) advised that key findings from the LGA Review had been reported to this Committee on 27 March 2018 and at the meeting Members had commissioned an informal member/officer group (the Governance Development Group) to bring forward proposals to strengthen and streamline the current Committee structure and create a clearer route for policy development;

(b) stated that on 8 May 2019, the Council had approved Phase 1 proposals and had agreed that the Governance Development Group should review the Council's governance arrangements and consider the merits of alternative governance models;

(c) advised that the Group had

- met on a regular basis
- reflected on local experiences
- visited other councils, who were chosen based on their adopted model of Governance. This ensured that a range of models could be seen, as it was important to understand all of the alternative governance structures and how they worked at each council. All but one council had changed its governance model in the past six years. It became clear that one system was not inherently better than the other but had to fit the individual council at that time. Good

governance was best described as, "...how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner."

- conducted external stakeholder engagement, which included a Parish Council representative and some members of the Town and Place Partnership
- carried out a public survey and provided questionnaires at the Seniors' Forum Annual Seniors' Day. The feedback highlighted that the public did not have a clear understanding of the Council's decision making process, Ward Councillors should be consulted on decisions affecting their Wards, more scrutiny was needed and the decision making process should be more open and transparent

(d) informed Members of the alternative models of governance, which had been considered:-

- Hybrid arrangements, which could be resource intensive and bureaucratic
- Committee system, which was not right for the Council's strategic vision
- Leader and Cabinet model, which would be recommended to Council tomorrow.

(e) advised that the Leader and Cabinet model had been identified as the form of governance which would deliver the outcomes identified at the start of Phase 2. This model gave the ability to make quicker and more timely decisions. Meetings could be more regular and decisions could be taken outside of meetings. There would be the ability to review decisions and maintain checks and balances, as decisions would be scrutinised as part of the process. Currently, the public were not sure which committees made which decisions. The Leader and Cabinet model would increase public understanding of 'who was accountable for what' and the Council would promote public engagement (portfolio holders would be involved in this);

(f) confirmed that more detailed information would be provided at tomorrow's Extraordinary Council meeting (eg how a Cabinet and Scrutiny function work etc). Members' comments at this evening's meeting would be circulated via email in advance of tomorrow's Extraordinary Council meeting and hard copies would be provided at the meeting;

(g) highlighted the Governance Review – Action Plan – 2018/19 (Appendix C of the report), confirming that the Council's Constitution would be streamlined to make it more reader friendly and easier for the public to use.

A Member referred to Appendix C, querying who would have the opportunity to contribute to the drafting of the Procedure Rules within the Constitution. The Director for Legal and Democratic Services advised that she would draft the Procedure Rules with direction and feedback from the Governance Development

Group. The Procedure Rules would be submitted to Council for approval.

A Member commented that there was a lot of expertise amongst Members and asked if they could provide suggestions for the Actions detailed at Appendix C before the drafting process began. They were in no doubt that this Council needed a Scrutiny function to ensure effective decision making within the Council. Presumably, not everything could be scrutinised but hopefully Members would have the opportunity to feed into what would be reviewed.

The Director for Legal and Democratic Services confirmed that this would be considered. She was always pleased to receive comments and input from Members and had a record of issues which Members had advised her of earlier in this Review process.

The Chief Executive reiterated that Officers had not lost sight of matters raised by Members during Phase one of the Review process. He highlighted that Member engagement was fundamental to the implementation of the proposed change in governance arrangements.

Referring to the proposed revised Constitution and need for greater public engagement, a Member commented that they would like to see a comprehensive index within the Constitution to ensure it would be easier to use. Much thought should be given to public consultation and engagement and this too should be laid down in the Constitution. Highlighting Appendix B of the report (Public Survey Results), the Member commented that participation in the survey had been poor. Methods of engagement needed to be considered thoroughly and established correctly, to ensure all residents in the Borough had the opportunity to be involved. It was not enough to promote surveys and consultations on the Council's website and in the Melton Times.

Another Member commented that every home in the Borough received information relating to council tax, which presumably also promoted the Council's website. Could this also be used to engage the public without internet access.

The Chief Executive advised that a large scale survey was planned for March 2019. Also the Council would soon appoint a Corporate Engagement Officer who would focus on this work. He confirmed that he would look into the information, which was included on Council Tax demands. It may be possible to include a questionnaire, to ensure that all residents were given the opportunity to engage in a way most suited to them.

A Member raised the Member Away Days and asked if these could be included in the Constitution. It was essential to involve all Members and a remit should be passed to Cabinet on this.

Another Member noted that Member Away Days were cross party events, which engaged all Members, regardless of their political party. They commented that the

name of the event, 'Member Away Day', did not accurately reflect its purpose and the work undertaken and asked if it could be changed. The name 'Member Strategic Development Day' was suggested.

The Director for Legal and Democratic Services confirmed that inclusion of this event in the Constitution would be considered under Standing Orders, the written rules, which govern how the Council conducted internal organisational, administrative and procurement procedures and procedural matters for meetings.

The Chief Executive added that the Council's Corporate Improvement Team was reviewing the Policy Framework, with a view to the Council implementing a new Corporate Plan. Consultation and Member engagement would form a significant part of this.

A Member commented that the role of the opposition would be an important element of the Scrutiny function and queried the kind of processes would be put in place to prevent impasse (eg Cabinet's proposed budget being refused).

The Director for Legal and Democratic Services advised that Scrutiny would be involved in the decision making process from the beginning, enabling opposition Members to feed into the Cabinet, who would ultimately make the decision. The democratic mandate was placed in the ruling group.

The Member asked if the opposition could delay the decision making process for a budget and the Chief Executive advised that it was not uncommon for groups to prepare their own versions of the budget, which could then be used for political purpose (to demonstrate what they would spend money on etc). However, this would add a 'check point', which would place a pause in the system and could be a useful and positive part of the decision making process. Budget setting was a decision made by Full Council. Cabinet would be obliged to consider Scrutiny's request but would not have to accept it. The risk of a lack of clarity and inconsistency was present in both models but was far less likely in the Cabinet model.

A Member commented that that the Cabinet model would give smaller groups within this Council the opportunity to have a greater and wider influence on decision making and would result in Members feeling more included and valued. The Review process had begun last year and the option of a Cabinet model of governance was proposed shortly after. The Council had been on a huge journey. It was hoped that all Members had the opportunity to contribute and engage with the Review. The Member expressed their thanks to the Governance Development Group for their excellent work and to all Members for their involvement.

There being no further comments or questions from Members, it was

RESOLVED that Members' comments on the Leader's report, regarding the future governance of the Council be reported to the Extraordinary meeting of Council on 21 November 2018.

G110	<p>Code of Conduct Update The Monitoring Officer</p> <p>(a) submitted a report (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;</p> <p>(b) confirmed that Disclosure of Pecuniary Interests continued to be received from Borough and Parish Councillors and the Council's website was updated accordingly;</p> <p>(c) advised that since the last meeting of this Committee on 18 September 2018, two complaints had been closed. There remained two complaints in progress (each related to the same matter), which were under consideration by the Monitoring Officer and were at the informal resolution stage;</p> <p>(d) highlighted that there had been no responses to the recent advertisement for an Independent Person. Due to the difficulties in recruiting to this role, arrangements would be reviewed and other options would be considered (eg the use of a pool of Independent Persons, which was the approach taken by the other districts).</p> <p>It was noted that the Council paid its Independent Persons but no other local authority did so.</p> <p>There being no further comments or questions from Members, it was</p> <p>RESOLVED that 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 be noted.</p>
G111	<p>Urgent Business There was no urgent business.</p>

The meeting closed at: 7.50 pm

Chair