

Governance Committee

Wednesday, 20th January 2021, 2.30 pm

Microsoft Teams - +44 20 3321 5257, Phone Conference ID: 415 025 913#

Agenda

Apologies

- | | | |
|---|--|-----------------|
| 1 | Minutes of meeting Wednesday, 25 November 2020 of Governance Committee | (Pages 3 - 6) |
| 2 | Declarations of Any Interests

Members are reminded of their responsibility to declare any pecuniary interest in respect of matters contained in this agenda.

If you have a pecuniary interest you must withdraw from the meeting. Normally you should leave the room before the business starts to be discussed. You do, however, have the same right to speak as a member of the public and may remain in the room to enable you to exercise that right and then leave immediately. In either case you must not seek to improperly influence a decision on the matter. | |
| 3 | External Audit Update

To receive and consider the report of the External Auditor, Grant Thornton. | |
| 4 | Update on the Statement of Accounts

To receive and consider the report of the Chief Finance Officer. | |
| 5 | Insurance Brokerage Procurement

To receive and consider the report of the Director of Governance. | (Pages 7 - 10) |
| 6 | New Model Code of Conduct

To receive and consider the report of the Director of Governance. | (Pages 11 - 12) |
| 7 | RIPA Application Update

The Monitoring Officer will present a verbal report at the meeting. | |
| 8 | Work Programme

To receive and consider the work programme for the Committee. | (Pages 13 - 14) |

9 **Any urgent business previously agreed with the Chair**

Gary Hall
Chief Executive

Electronic agendas sent to Members of the Governance Committee Councillor Debra Platt (Chair), Councillor Anthony Gee (Vice-Chair) and Councillors Mark Clifford, Jean Cronshaw, Gordon France, Yvonne Hargreaves, Roy Lees, Kim Snape, Charlotte Fitch (Independent Person) and Peter Ripley (Independent Person).

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**MINUTES OF GOVERNANCE COMMITTEE****MEETING DATE** **Wednesday, 25 November 2020****MEMBERS PRESENT:** Councillor Debra Platt (Chair), Councillor Anthony Gee (Vice-Chair) and Councillors Mark Clifford, Jean Cronshaw, Gordon France, Yvonne Hargreaves and Kim Snape**OFFICERS:** Gary Hall (Chief Executive), Chris Moister (Director of Governance), James Thomson (Deputy Director of Finance), Tony Furber (Principal Financial Accountant), Ruth Rimmington (Democratic Services Team Leader), Matthew Pawlyszyn (Democratic and Member Services Officer) and Charlotte Fitch (Independent Person)**APOLOGIES:** Councillor Roy Lees and Peter Ripley (Independent Person)**20.G.30 Minutes of meeting Wednesday, 16 September 2020 of Governance Committee****Decision: The minutes were approved as a correct record.****20.G.31 Declarations of Any Interests**

No interests were declared.

20.G.32 Treasury Management Activity Mid-Year Review 2020/21

Tony Furber, Principal Financial Accountant presented the Treasury Management Activity Mid-Year Review 2020-21 Report.

The report did not contain anything unexpected considering the Covid-19 pandemic.

The Council achieved a return on interest for the first half of the year with a figure of 0.16%, although considered to be low, it was in excess of the target figure as available rates declined since March 2020, and the current target figure was 0.10%. The LIBID rate was at present a negative figure.

The average daily balance was twice what it was expected to be, and since March 2020, steps had been taken to ensure that the cash flow of the council was positive.

There had been no borrowing for the first half of the year. Consideration was given to borrow earlier in February or March 2021, instead of planned August or September 2021.

PWLB rates have decreased, but not as drastically as investment rates. At the start of the year the 50-year rate was forecast to be 3.1% for the year, but at present was 2.3%. The current base rate was 0.10% and forecast to stay unchanged for at least 2.5 years.

Decision: The report was noted.

20.G.33 Audit Findings Report

Barrie Morris from Grant Thornton, updated and informed the Committee that the report could not be presented as the audit had yet to start.

20.G.34 Audit Progress Report

Barrie Morris from Grant Thornton presented the Audit Progress Report.

Grant Thornton were currently waiting for the full set of financial statements to begin the Audit work. There was also outstanding value for money work and planning enquiries that were made at the start of the year.

Finance Officers have made assurances that the statement of accounts would be completed by January 2021. Once received, the audit could be delivered.

Covid-19 impacted progress, and there were elements written prior to the start of the second lockdown.

James Thomson, Deputy Director of Finance added that there were issues with the valuation of assets and the report would not be ready for 30th November. A statement will be made on the Council's website. It was hoped that the audit would not run into 2021 financial year as it was not desired to complete two audits simultaneously.

Decision: The report was noted.

20.G.35 Internal Audit Annual Plan Progress Report April to October

Chris Moister, Director of Governance provided the progress report.

There was a reluctance to blame Covid-19, but it was a cause for certain issues with the delivery plan. There were capacity issues with staff, as activities were undertaken by the Internal Audit Team to aid the Council's Covid-19 response to support local residents.

The manager of the Audit Team's temporary contract expired at the end of June 2020, and at the end of September an interim senior manager had been appointed pending recruitment. The service will be fully staffed in preparation for the start of the 2021 financial year.

In a small time frame, the Audit Team produced significant work towards Shared Services, small business grants, and benefits work.

Due to the implementation of Lancashire's tier 3 status and the second lockdown, it was unlikely that the full extent of the Internal Audit Plan would be delivered.

It was expected that the audit would carry over into the start of the next year's audit, but there was capacity to ensure both would be delivered.

Decision: The report was noted.

20.G.36 RIPA Application Update

There had been no RIPA Applications.

Decision: The update was noted.

20.G.37 Work Programme

Decision: The Work Programme was noted.

20.G.38 Any urgent business previously agreed with the Chair

Ruth Rimmington, Democratic Services Team Leader updated the Committee about a recent Local Government Association Webinar highlighting hybrid meetings and their use in delivering transparent and robust decision making.

An overview was provided detailing the processes many councils took using emergency powers, and utilising online meetings. It was an acknowledged challenge, but there was an observed improvement in the public perception of local government and its ability to adapt. The use of virtual meetings was seen to be a positive for some Members, particularly those employed, and/or lived in rural areas. Consideration was underway to explore the future use of hybrid meetings, although legislation would be needed from May 2021. A downside about hybrid meetings was the lack informal networking opportunities for Members, and that some Members struggled with digital confidence, either using the technology, or participating virtually.

It was noted that there were less issues in orchestrating and delivering hybrid meetings when a Council's IT department managed all devices rather than Members using their own.

Chorley's IT department was praised, noting that their hard work ensured that the Council's use of hybrid meetings was successful.

The Chair agreed with Ruth, and too, thanked IT.

Chris Moister thanked IT, but also extended thanks to Democratic Services who were also instrumental in enabling hybrid and remote meetings and have placed Chorley at the forefront of delivering hybrid meetings regionally.

Members believed that IT, Ruth and Democratic Services made it possible for Members to remain in contact with their constituents during the pandemic, and praised the hard work taken to ensure any issues and difficulties were resolved quickly.

Chair

Date



Report of	Meeting	Date
Director of Governance	Governance Committee	11/01/2021

INSURANCE BROKERAGE PROCUREMENT

PURPOSE OF REPORT

- This report is to inform members of the recent Insurance Brokerage Service procurement.

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

- This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	✓

BACKGROUND

- The Shared Audit and Risk Service (formerly Shared Assurance Services) has delivered insurance services on behalf of South Ribble and Chorley Council's since 2009, the broker contract is procured by South Ribble Borough Council on behalf of both authorities.

The Insurance Broker contact was last procured in 2016. It established a 2-year contract on a fixed fee basis, with the option to extend on an annual basis for a further 2 years. Both councils chose to extend the contract into years 3 and 4 with the contract coming to an end on the 31 December 2020.

A procurement exercise was necessary during 2020 to obtain a new contract from 01 January 2021

INSURANCE BROKERAGE

- Market leading and multinational insurance companies do not deal directly with clients therefore organisations need to engage the services of an Insurance Broker.

The council procures Insurance Brokerage to provide ongoing consultancy on each council's insurance policy portfolio. The brokers will review both portfolios looking at the risk environment and the risk management practises to ensure insurable risks are covered or have been considered. Shared Audit and Risk work closely with the broker to keep insurers

informed of strategic projects or day to day service delivery activity. This guarantees appropriate levels of insurance cover are maintained, protecting both councils against financial loss.

The Shared Audit and Risk Service supports the broker to undertake the annual renewal process, which informs the forthcoming years premiums. It is desirable to have a broker with a strong marketplace, which they use alongside their relationships with major insurers to negotiate down premium increases or achieve other monetary savings and benefits.

PROCUREMENT

5. The procurement was delivered using the YPO procurement framework. There are two frameworks available for use to procure public sector insurance brokerage services, the CCS and YPO. There is little difference between the offerings, both had all the major public sector brokerage companies listed in the framework. However, opinions were sought from other local authorities and the current brokerage provider. In the main the YPO service was preferred and an additional factor was the leading officer on the YPO framework had assisted the shared procurement in 2016 so was familiar with the shared service arrangement between the two councils.

The existing contract value was £6250.00 across both authorities, with additional brokerage fees for the insurance procurement activity. Under advice it was estimated there may be as much as a 50% increase in the market standard fees for the size of brokerage contract being procured. With a similar length of contract, the procurement was considered as an Intermediate Value Procurement (£25,000 - £100,000) under South Ribble Borough Council’s Contract Procedure Rules and approval was sought from the Director of Governance to procure through a framework.

The framework agreement option was chosen as it offered reduced administration costs and offered access to pre-approved providers. All providers on the framework pre-agree a standard set of terms and service delivery standards. In addition to the standard terms of the framework the tender outlined the brokerage expectations of South Ribble and Chorley Councils, listing key future projects and aspirations. The tender was published with an evaluation criteria of 30% price and 70% quality.

There were 3 bids received for the tender, the successful bidder A J Gallagher scored highest in price, but more importantly in the quality questions.

FINANCIAL

6. It was expected that the value of brokerage contract would increase on this procurement in line with the ongoing changes within the insurance market which is hardening. With less competition in the market premiums increase. The current pandemic is greatly influencing the insurance environment.

Recent mergers and acquisitions in major brokerage companies have however created competition in the broker market, including the public sector contract environment. The Council had budgeted for a 50%- 80% increase in the annual contract value considering market conditions, but the procurement achieved an 86% saving.

	Annual Consultancy	Saving
Aon	6250.00	
A J Gallagher	840.00	5410.00

The contract between A J Gallagher and South Ribble Borough Council will provide brokerage services to both South Ribble and Chorley Councils. The contract value above is the total contract, the sum will be split across the two councils.

It should be noted that brokers receive additional remuneration on contracts. When placing insurance policies brokers charge each insurer a 3.5%* ISB (Insurance Services Brokerage) fee. This is charged annually at renewal on placement of each new policy.

(*The 3.5% ISB related to all insurance policies placed at the wider portfolio procurement through the framework. Standalone or niche policies may be placed with a higher ISB as outlined in A J Gallagher’s Terms of Business)

IMPLICATIONS OF REPORT

- 7. This report has implications in the following areas and the relevant Directors’ comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

- 8. There is a risk A J Gallagher does not deliver a quality service and fails to achieve competitive long-term agreements when procuring the new insurance policies. This will be managed with the Audit and Risk Service by contract management and officers being actively involved in the wider insurance procurement activity.

COMMENTS OF THE STATUTORY FINANCE OFFICER

- 9. The proposed contract is within budget provision.

COMMENTS OF THE MONITORING OFFICER

- 10. No comments.

CHRIS MOISTER
DIRECTOR OF GOVERNANCE

Report Author	Ext	Date
Kerry Maguire	07970665911	11/01/2021

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Report of	Meeting	Date
Director of Governance	Governance Committee	20 January 2021

New Model Code of Conduct

Purpose of report

- To inform members and bring to their attention the new Model Code of Conduct drafted by the Local Government Association in response the recommendations made by the Office for Standards in Public Life in 2019.

Recommendation(s)

- That members note the new model code of conduct.

Confidential report Please bold as appropriate	Yes	No

Corporate priorities

- This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	X

Background

- Members will recall a report from the Office for Standards in Public Life that made a number of recommendations in relation to the form and content of codes of conduct for member behaviour. The Council reviewed these recommendations and where necessary or possible implemented them into the Council's code.
- An overarching theme however was consistency of approach of different councils to standards and a need to make the standards regime more prescriptive.
- Partially in response to this report the Local Government Association commission a new model code of conduct document. This reflected learning gained over the last 20 years of use of the current standards regime but also incorporated the recommendations made by the Office for Standards in Public Life.
- The model code was published by the LGA and circulated to Monitoring Officers on 23 December. A link is provided to the model code here <https://www.local.gov.uk/local-government-association-model-councillor-code-conduct-2020-0>.
- Members are not being asked to recommend the model code for adoption but it is being shared at this time to ensure members of the Governance Committee can familiarise themselves with it.

9. There are a couple of matters which will need to be addressed before action can be taken to adopt the code (should members wish to).
 - a. One of the recommendations, concerning consistency, tries to ensure that the same code is used across all tiers of local government in an area, parish, district and county. This is to assist primarily the public, but also members and Monitoring Officers. Steps are currently being taken to contact LCC to ascertain their views on the draft model code.
 - b. The draft model code is more prescriptive, however, the legislation addressing sanctions which may be imposed has not been amended. As a result whilst more actions may be breaches of the code, the range of punishments which can be imposed has not changed. The perception could be that the changes have little value as bad behaviour is not adequately punished. This has been raised with the LGA and government are being lobbied to consider this issue. Members may wish to delay consideration of implementation of the new model code until further information is obtained on changes to sanctions.

Implications of report

10. This report has implications in the following areas and the relevant Directors' comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal	X	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

Comments of the Statutory Finance Officer

11. There are no financial implications of this report.

Comments of the Monitoring Officer

12. No comments at this time. Comments will be made when the code is brought back for further consideration and proposed adoption.

Chris Moister
 Director of Governance
 Monitoring Officer

Report Author	Ext	Date
Chris Moister	5160	***



Governance Committee work programme 2020/21

1 July 2020

Report	Officer
Closure of Accounts - update	James Thomson
Charity and Trust Account	James Thomson
Audit Progress and Sector Update Report	Grant Thornton
External Audit Plan	Grant Thornton
Internal Audit Annual Report	Janice Bamber
Strategic Risk Update Report	Rebecca Aziz-Brook
GDPR Update	Chris Moister
Draft Annual Governance Statement	Chris Moister
RIPA Application Update	Chris Moister

16 September 2020

Update on the Statement of Accounts	James Thomson
Treasury Management Annual Report 2019/20 and Quarter One Monitoring 2020/21	James Thomson
External Audit Plan	Grant Thornton
Internal Audit Annual Plan Progress Report Q1	Chris Moister
RIPA Application Update	Chris Moister

25 November 2020

Audit Findings Report	Grant Thornton
Audit Progress Report	Grant Thornton
Treasury Management Activity Mid-Year review	James Thomson
Internal Audit Annual Plan Progress Report April to October	Chris Moister
RIPA Application Update	Chris Moister

20 January 2021

External Audit update	Grant Thornton
Update on the Statement of Accounts	James Thomson / Tony Furber
Insurance brokerage procurement	Kerry Maguire
New model Code of Conduct	Chris Moister
RIPA Application Update	Chris Moister



17 March 2021

Audit Progress and Sector Update Report	Grant Thornton
Chorley Borough Council Annual Audit Letter	Grant Thornton
Update on Chorley Council Capital Strategy	James Thomson
Annual Standards Report	Chris Moister
Internal Audit Plan Progress Report April– February	Chris Moister
Internal Audit Plan	Chris Moister
Annual GDPR Report	Chris Moister
RIPA Application Update	Chris Moister