

# **Governance Committee**

**Thursday, 17 January 2013**

**Present:** Councillor Paul Leadbetter (Chair) and Julia Berry, Graham Dunn, Anthony Gee, Marie Gray, June Molyneaux and Alan Platt

## **Also in attendance**

Peter Ripley (Independent Member) and Gareth Winstanley (Engagement Manager, Grant Thornton UK LLP)

**Officers:** Gary Hall (Chief Executive), Chris Moister (Head of Governance), Garry Barclay (Head of Shared Assurance Services), Dawn Highton (Principal Auditor) and Dianne Scambler (Democratic and Member Services Officer)

### **13.G.1 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

### **13.G.2 WELCOME AND INTRODUCTIONS**

The Chair welcomed Peter Ripley who was attending his first meeting of the Committee. Mr Ripley had recently been appointed as our Independent Person who would assist in assessing any complaints received against Elected Members under the new standards regime.

The Chair also welcomed Gareth Winstanley from the Council's new external auditor, Grant Thornton.

### **13.G.3 MINUTES**

**RESOLVED – That the minutes of the Governance Committee meeting held on 27 September 2012 be confirmed as a correct record for signing by the Chair.**

### **13.G.4 DECLARATIONS OF ANY INTERESTS**

No declarations of interest were received.

### **13.G.5 STANDARDS REGIME - SIX MONTH REVIEW**

The Committee received a report of the Monitoring Officer that provided an update for Members in relation to complaints received under the new Code of Conduct regime.

To date there had been one complaint received against two Chorley Councillors that had been resolved to the complainant's satisfaction by the Monitoring Officer and one complaint received as a standards complaint concerning a Parish Council. This complaint was not accepted as it related to the conduct of the Parish Clerk and did not therefore fall within the scope of the Code of Conduct.

There had been no adverse comment concerning neither the procedure adopted nor the complexity of the new Code. All Members had now been offered training and the new regime had been well received.

Councillor Berry asked if more information could be provided to help Members with the registering of any interests. The Monitoring Officer commented that additional guidance had been given previously but that the new arrangements had moved away from the previous prescriptive process. Some concerns that Members were around the perception of bias and predetermination.

**RESOLVED – That the report be noted and referred to full Council for consideration.**

### **13.G.6 GRANTING OF A DISPENSATION**

The Monitoring Officer submitted a report requesting authorisation from the Governance Committee for the granting of a dispensation to all Chorley Councillors to allow them to participate in setting the rate of Council Tax by the Council for 2013/14.

Under the previous standards regime, the legislation granted to members an exemption from the requirement to declare a prejudicial interest and leave the meeting when the council tax rate was set. This was to reflect the fact that all members would be financially affected by the decision.

The new standards regime no longer refers to prejudicial interests but instead talks in terms of pecuniary interests. The regime had been localised and there was no longer any blanket exemptions to allow members to participate in a decision when they have a pecuniary interest.

The Localism Act does provide for the granting of a dispensation when sufficient numbers of members would be prevented from participating in a decision so as to affect the ability of the Council to properly reach that decision and as all Members of Chorley Council are financially affected by the setting of the council tax rate, it was considered appropriate to grant a dispensation to all members to enable them to participate and vote on the setting of the Council Tax for the borough.

The Committee had a discussion about those Councillors that had an interest in more than one property/business within the Borough and some members felt that the granting of a dispensation could be advantageous in such cases. The Monitoring Officer commented that Business Rates would be treated differently as they would not affect all Councillors ability to make an unbiased decision so therefore a dispensation would not be granted in this case.

**RESOLVED – That the granting of a dispensation to all Chorley Councillors to allow them to participate and vote at any meeting this municipal year at which the Council Tax rate for the Borough is set.**

### **13.G.7 PLANNED AUDIT FEE FOR 2012/13**

Gareth Winstanley – Engagement Manager explained that Grant Thornton were delighted to have been appointed by the Audit Commission as auditors for Chorley Council and were looking forward to providing a high quality service for at least the next five years.

The Audit Commission had set its proposed work programme and scales of fees for 2012/13 and a letter detailing the audit fees for the Council along with the scope and timing of the works was presented to the Committee.

The Commission had independently set the scale of fee for all bodies and for 2012/13; the fee for Chorley Council would be £59,440, which was a comparative reduction of 40% on fees for 2011/12. This reduction was mainly around there no longer being the

need to contribute to the central administration costs of the now disbanded Audit Commission.

It was explained that the fee was based on a risk based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2012/13 and covered:

- Audit of the financial statements
- Conclusion on the economy, efficiency and effectiveness of our resources (the value for money conclusion)
- Work on the whole of government accounts return

The Audit Commission had replaced the previous schedule of hourly rates for certification work with a composite indicative fee. This fee had been adjusted to reflect a reduction in the number of schemes which required auditor certification and also incorporated a 40% fee reduction, resulting in a fee of £12,350 for the grant certification of the authority.

The letter also detailed the other key members of the audit team for 2012/13:

Fiona Blatcher – Engagement Lead; and  
Peter Buckley – Audit Executive

**RESOLVED – That the report be noted.**

#### **13.G.8 INTERNAL AUDIT UPDATE AS AT 30 NOVEMBER 2012**

The Head of Shared Assurance Services submitted a report advising members of the work undertaken in respect of the Internal Audit Plans for Chorley and Shared Services for 1 April to 30 November 2012.

The Committee were provided with a snapshot of the overall progress made in relation to the 2012/13 Internal Audit Plans, indicating which audits had been completed and their control rating, those that were in progress or yet to start. Information was also provided on the time planned and actually spent on each audit.

Members noted that all the plans were on target to be achieved and of the eight reviews completed to date, 6 had been given a substantial or adequate assurance rating. However, two reviews, Disaster Recovery and Penetration Testing had been given limited assurance ratings.

The Head of Shared Assurance Services gave a detailed explanation as to why the two reviews had received this rating and what action had been taken to make improvements. The Chief Executive reported that all the agreed management actions would be completed by the end of the financial year.

Members asked questions in relation to the secure storage of personal data and lone working arrangements for staff.

The Committee was advised that a baseline review of the Internal Audit performance indicators had now been undertaken and in line with other Internal Audit Services across Lancashire it was proposed to keep the following indicators and targets:

	Performance Indicator	SRBC/ CBC	Target	Others	Ave Target
1	% Planned Time Used	Y	90%	3	86%

2	% Audit Plan Completed	Y	100%	5	90%
3	% Management Actions Agreed	Y	98%	4	96%
6	% Customer Satisfaction Rating (per assignment)	Y	90%	5	89%

There were two indicators that did not seem to be measured by the majority of the other IAS across Lancashire, so it was proposed to remove these indicators from 2013/14 onwards:

	Performance Indicator	SRBC/ CBC	Target	Others	Ave Target
4	% Agreed Management Actions Implemented	Y	100%	2	82%
5	% Agreed Management Actions Implemented on time	Y	100%	0	N/A

The Chief Executive thought that number four was important as it showed the performance of the authority. If this indicator was underperforming, Members could request the individual Managers to attend Committee to explain their reasons why and what remedial action would be taken.

#### **RESOLVED**

1. That the report be noted.
2. That performance measures 1, 2, 3 and 6 are retained and reported on a quarterly basis, measure 4 be reported by exception and measure 5 removed for 2013/14.

### **13.G.9 ANNUAL GOVERNANCE STATEMENT 2012 - PROGRESS REPORT**

The Committee received a report of the Head of Shared Assurance Services that gave an update on the progress made to implement several enhancements to the council's system of governance as identified in the 2012 Annual Governance Statement (AGS).

At the June meeting of the Governance Committee, members were asked to review the draft AGS for 2012 which had been produced in accordance with CIPFA/SOLACE guidelines. The AGS had been subsequently signed by the Leader and Chief Executive before being submitted for external audit alongside the 2011/12 financial statements. The Audit Commission had since issued an unqualified opinion on those statements.

The corporate self-assessment had identified several opportunities to enhance the Council's governance arrangements:

- Review and update the Council's approach to consulting with and providing feedback to the local community and other stakeholders on service design and delivery.
- Review and update the Council's Communications Strategies and Policies.
- Review and update the Framework for Partnership working
- Undertake a review of compliance with the revised CIPFA Standards on Audit Committees once they are published.

- Introduction of a Local Code of Conduct for Members on Standards.
- Review and re-issue the Protocol on Member/Officer Relations
- Undertake a members skills analysis and update the member development programme
- Set and monitor consistent standards for productivity throughout the organisation
- Review the current procedure for document management, storage and retention as a key element of the Council's Information Management Strategy
- Utilise the asset management module in Customer Services to incorporate the Council's ICT hardware inventory

Members were provided with an Action Plan of the agreed improvements that reported on progress to date.

**RESOLVED – That the information in the report be noted.**

### **13.G.10 SELF ASSESSMENT RESULTS**

The Chair reported that he had received the results of the self-assessment that all Members of the Committee had recently completed. A number of improvements had been highlighted including the need for additional training and the importance of continuity of membership.

The Chair considered it important that the Committee Members got involved in deciding how to take this forward and asked that a meeting be arranged to discuss all the options available.

**RESOLVED – That Democratic Services arrange a meeting of the Governance Committee to discuss the Self-Assessment results.**

Chair