

## **CORPORATE GOVERNANCE COMMITTEE**

Minutes of a meeting of the Corporate Governance Committee held in Conference Room 1A, County Hall, Ruthin on Wednesday, 10 July 2019 at 9.30 am.

### **PRESENT**

Councillors Tony Flynn, Martyn Holland (Vice-Chair), Alan James, Barry Mellor (Chair) and Joe Welch

Lay Member Paul Whitham

Councillor Julian Thompson Hill, Lead Member for Finance, Performance and Strategic Assets was in attendance.

### **ALSO PRESENT**

Legal Services Manager (LJ), Chief Accountant (SG), Chief Internal Auditor (LL), Business Information Team Manager (CB), Strategic Planning Team Manager (NK), Service Challenge Coordinator (ES), Committee Administrator (RTJ)

#### **1 APOLOGIES**

Apologies were received from Councillor Mabon Ap Gwynfor.

#### **2 DECLARATION OF INTERESTS**

No declarations of interest had been raised.

#### **3 URGENT MATTERS**

No urgent matters had been raised.

#### **4 MINUTES**

The minutes of the Cabinet meeting held on 5 June 2019 were submitted.

Matters of accuracy –

- Councillor Martyn Holland clarified that he attended school governing meetings however was no longer a school governor.
- Agenda item 9 – there was a clerical error the Community Development Hub was meant to be Community Benefit Hub.

Matters Arising –

- Members queried for an update on the WLGA training, the Chief Internal Auditor (CIA) responded stating that Democratic Services have some dates,

the possible dates would be circulated to members to gauge the availability for the dates.

- The letter to head teachers and governing body chairs from the Corporate Governance Committee had not been circulated however it would be circulated soon.
- Members were informed that the Sections 106 report had been circulated to members of the planning committee.

**RESOLVED** that the minutes of the Corporate Governance Committee meeting held on the 5 June 2019 be approved as a correct record.

## **5 DRAFT STATEMENT OF ACCOUNTS**

Councillor Julian Thompson-Hill and the Chief Accountant (CA) presented the report detailing an overview of the draft Statement of Accounts 2018/19.

The council has a statutory duty to produce a statement of accounts that complies with approved accounting standards. The audited accounts have to be formally approved by elected members on behalf of the council. This role has been delegated to the Corporate Governance Committee. The draft accounts had been finalised and were signed by the Head of Finance on the 3rd June (15th June last year and more than meeting the interim date for early closedown). The draft accounts had been made available for audit as required and would be open to public inspection from 24<sup>th</sup> June to 19th July.

Members raised the following –

- The deficit at Blessed Edward Jones R.C. School was queried and whether Denbighshire funded the deficit. The CA responded informing members that the school was funded by the council however reserves were in place to pay the deficit.
- School balances were commended as there was a visible improvement, members were reassured that there would be more detail included in the report which would be brought to the committee in November.
- The saving targets for the council services which was set at 8% and set at 2% for schools. It was clarified that the percentage was set lower for schools as they were a protected service.
- Historical buildings were revaluated every five years and the insurance could be reassessed due to the revaluation.
- The earlier completion of the statements of accounts was queried and whether it could have impact on the relevancy of the information within the report. It was clarified that there was a three year process in place with the statements of accounts, and the information was of the previous financial year.
- Severe weather was raised and whether there were budgets in place to deal with any unplanned emergencies. There were reserves in place for adverse weather, some projects such as tidal defences were long term investments which had monetary support by the Welsh government.
- Energy efficiencies at new schools were highlighted and whether any savings could be assessed, it was clarified that efficiency were a part of the

business cases for all new school builds. The committee recommended that a post completion review of sites could be completed to ensure the efficiencies were completed. Members were informed by the Chief Internal Auditor that a recent audit was carried out on projects, a report would be brought to a future Corporate Governance committee meeting, which would include business cases.

- Members were informed if they had any queries in regards to the draft statement of accounts they could contact the Chief Accountant.

**RESOLVED** that the Corporate Governance Committee receive the Draft Statements of accounts and note its contents.

## 6 TREASURY MANAGEMENT

The Chief Accountant (CA) provided a detailed summary of the report and appendices 1 and 2. The Lead Member for Finance, Performance and Strategic Assets, guided members through the report.

The term 'treasury management' (TM) included the management of the council's borrowing, investments and cash flow. Approximately £0.5bn passes through the council's bank accounts every year. The council's outstanding borrowing at 31 March 2019 was £228.14m at an average rate of 4.21% and the council held £9.7m in investments at an average rate of 0.55%.

The committee were informed that in line with its TM strategy and following advice from its treasury consultants, the Council has locked in a proportion of its debt at very low rates with the Public Works Loan Board (PWLB) to fund the capital programme. Four new loans for £35m were undertaken during 2018/19 over a 15 year period on an Equal Instalment of Principal (EIP) basis; as a result of this borrowing, the average rate on the Council's debt decreased from 4.41% at 1 April 2018 to 4.21% at 31 March 2019. Members were informed that rates of the new loans that had been taken out were locked.

Following the introduction members discussed –

- Surplus finances were queried and whether the council could invest these finances into purchasing housing stock, responding there was no cash to purchase additional housing stock, however when former council houses were available for the purchase the council would try and reacquire them.
- Internal borrowing was used to fund business cases.

The Chair thanked the Finance department for the report and time invested in monitoring treasury management

**RESOLVED** that the Corporate Governance Committee receives the report and notes,

- The Council's Treasury Management function during 2018/19 and its compliance with the required Prudential Indicators as reported in the Annual TM Report 2018/19*

- ii. *The Treasury Management update report for performance to date in 2019/20.*
- iii. *The Committee confirmed it had read, understood and taken into account the Well-being Impact Assessment, appendix 3 to the report.*

***At this junction (11:10 a.m.) there was a 5 minute break.***

***Meeting reconvened at 11:15 a.m.***

## **7 ANNUAL SIRO REPORT**

The Business Information Team Manager (BITM) introduced the report which covered the period April 2018 to March 2019 and detailed breaches of the data protection act by the council that have been subject to investigation by the Senior Information Risk Officer (SIRO – in DCC this is the Head of Business Improvement and Modernisation). It also covered complaints about the council relating to Freedom of Information legislation that have been referred to the office of the Information Commissioner (ICO), and provided some information about the Access to Information/FOI requests made to the council.

Members were informed that there had been no significant breaches of the Data Protection act by the council during the 2018/19 year. There had been 12 minor breaches during 2018/19. These minor breaches included letters which were sent to the wrong address, emails sent to wrong recipients and lost paperwork. The breaches were investigated, however none were considered serious enough to report to the ICO

The following points were raised during the discussion –

- Data protection and GDPR in schools was raised as a concern. The BITM clarified that the SIRO report only provided information internally to the council and did not include schools. The Legal Services Manager (LSM) informed that schools had their own procedures with GDPR. The Committee suggested that a similar report on data protection in schools could be brought to the Corporate Governance Committee in the future.
- The committee queried whether there were there were procedures in place for any data protection breaches; and whether the council was confident in the IT systems against any attempted hacking. The committee was informed that there was an IT security officer who patched the systems to reduce the possibility of hacking, and there was a breach protocol in place to deal with any data protection breaches.
- Training had been carried out for all members of staff on GDPR through the use e-learning modules.
- The volume of FOI's was highlighted and whether the council charged for FOI's. Responding the BITM stated that there was a charge for any FOI's which would require officers 18 hours to process.

***RESOLVED*** – *that the Corporate Governance Committee receive and note the contents of the report.*

## **8 SERVICE CHALLENGES 2018/19 - REVIEW OF ALTERNATIVE SERVICE DELIVERY MODELS**

The Strategic Planning Team Manager (SPTM) and the Service Challenge Coordinator (SCS) presented the report providing information regarding Alternative Service Delivery Models (ASDMs) in place across the Authority; as reported in the Service Challenge papers produced for each council service respectively, to support the 2018/19 Service Challenge programme.

The council was increasingly utilising ASDMs to deliver services that would previously have been delivered directly by the Local Authority. There were benefits and opportunities of working in partnership, however risks could arise and the council would have to ensure appropriate oversight to maintain sufficient awareness, so it would not be exposed to unacceptable risk.

Members were made aware by the SPTM that the appendix covered a wide range of services, and if they had any queries that they could be answered through email following the meeting.

Following the introduction members discussed –

- The Legal Prosecutions partnership with all North Wales councils was queried. The Legal Services Manager (LSM) informed members that it was an informal collaboration which shared relevant information but also had shared training sessions which distributed the cost amongst all North Wales councils.
- Waste collection (textiles) it was clarified that the process would be going to tender for some areas of the council where the service would not be available.
- The original service challenge document was available for members from the intranet.
- Members suggested that the ASDMs be included on the forward work programme as an annual report.

The committee commended the comprehensive report and the report author.

### ***RESOLVED that***

- I. Corporate Governance Committee considered the reviewed ASMD's in place as of 2018/19 and;*
- II. That it receives an annual oversight report of the ASMDs and that any recommendations be sent to the Scrutiny Chairs and Vice Chairs group.*

## **9 WAO ANNUAL IMPROVEMENT REPORT**

The Wales Audit Office representative (DW) introduced the report (previously circulated) and explained its contents. He explained the report had been created to summarise audit work by the Wales Audit Office (WAO) including studies on Governance, Information Management and the use of resources.

During 2018-19 the WAO undertook improvement assessment work; an assurance and risk assessment project and work in relation to the Wellbeing of Future Generations Act at all councils. At some councils, the WAO supplemented this work with local risk-based audits, identified in the Audit Plan for 2018-19.

The conclusion for the report was that the Council was meeting its statutory requirement to continue improve services. However there were still challenges facing Denbighshire as well as all Councils across Wales.

During consideration of the report the following matter was discussed -

Page 247 – Leisure services and the term “rushing” of the alternative delivery models were compromising governance caused concerns. Responding it was clarified that the council included all councillors in the process. However the time constraints with the finalising the business case the project could not be scrutinised as thoroughly as usual.

**RESOLVED** that the Corporate Governance Committee receive the report and notes its contents.

## **10 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME**

The Corporate Governance Committee’s Forward Work Programme (FWP) was presented for consideration (previously circulated).

Members agreed that the data protection at schools concerns which were raised earlier in the meeting could be discussed in November and included with the ‘*Information management in Schools*’ which was already noted for the meeting in November.

**RESOLVED** – that, subject to the above, the Corporate Governance Committee approves the Forward Work Programme.

**The meeting concluded at 12:16 p.m.**