

## **CORPORATE GOVERNANCE COMMITTEE**

Minutes of a meeting of the Corporate Governance Committee held in Conference Room 1a, County Hall, Ruthin on Wednesday, 18 November 2015 at 9.30 am.

### **PRESENT**

Councillors Ann Davies, Stuart Davies, Alice Jones and Jason McLellan (Chair) and Paul Whitham (Lay Member).

Councillors Bobby Feeley, Martyn Holland and Meirick Ll. Davies attended as observers.

### **ALSO PRESENT**

Head of Legal, HR and Democratic Services (GW), Head of Internal Audit (IB), Chief Finance Officer (RW), Deputy Monitoring Officer/ Solicitor (LJ), Strategic Planning Team Manager (LG), Corporate Information Manager (CG), School Effectiveness Performance Officer – Secondary (JM), Wales Audit Office Representative (GB) and Committee Administrator (SLW)

Also in attendance – Head Teacher, Ysgol Mair, Rhyl – Stuart Plunkett and Chair of Governors of Ysgol Mair, Rhyl – Gill Greenland

#### **1 APOLOGIES**

Apologies for absence were received from Councillor Peter Duffy

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

No Declarations of Interest.

#### **3 URGENT MATTERS**

No urgent matters.

#### **4 MINUTES**

The Minutes of a meeting of the Corporate Governance Committee held on 28 September 2015 were submitted.

Page 11 – Item 8 The Chief Finance Officer clarified that the draft accounts had been circulated to committee members for information and had not been as an agenda item.

**RESOLVED** that subject to the above, the minutes of the Corporate Governance Committee held on 28 September 2015 be received and approved as a correct record.

## **PART II**

Proposed by Councillor Stuart Davies, seconded by Lay-Member Paul Whitham the following items be moved to PART II – Confidential Items

### **EXCLUSION OF PRESS AND PUBLIC**

Resolved that under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 14 and 18 of Part 4 of Schedule 12A of the Local Government Act 1972.

#### **5 YSGOL MAIR, RHYL - INTERNAL AUDIT REPORT**

The Head of Internal Audit (HIA) introduced a confidential report (previously circulated) on the recent Internal Audit report on Ysgol Mair, Rhyl that received a “Low” assurance rating.

The HIA informed the Committee that the full Internal Audit report had been included as Appendix 1. Appendix 2 indicated the progress made to date in implementing the Action Plan within the Audit report. Not all issues had been followed up during the visit as it had taken place at half-term. Progress had been made on a number of issues and an update had been required on the recovery plan.

Most of the issues raised within the report were not unusual for the audit of a school, and progress was being made to make the necessary improvements, as indicated in Appendix 2. The main concern, however, had been the financial position of the school. Although there was now a draft recovery plan, this had not yet been agreed and there was still a lot of work to take place, together with negotiation and consultation before a plan could be agreed and implemented.

Under the Council’s scheme for financing schools any school in deficit were allowed to apply for a licensed deficit and show they had a plan to be in surplus within three years.

An escalation meeting had been held with the Head Teacher, Chair and Vice-Chair of the School’s Governing Body, Lead Cabinet Member and senior management to discuss the audit report, action plan and progress made in implementing improvements. A further meeting would be held on 7 December 2015.

The Head Teacher was in attendance and explained to the Committee the steps which were being taken in accordance with a recovery plan to improve issues. The welfare of the children were a priority and this would be monitored closely.

At this juncture the Committee extended their thanks to the Head Teacher and the Chair of Governors for attending the meeting.

Following detailed discussion, it was:

**RESOLVED** that the Corporate Governance Committee:

- (i) Agrees the assurance it needed that the action/recovery plan within the report is being implemented effectively and within the agreed time scales
- (ii) Agree that the item be brought back to the next Corporate Governance Committee meeting to be held in January for an update of the action/recovery plan.

## **6 PFI UPDATE**

The Chief Financial Officer (CFO) introduced a confidential report (previously circulated) on the termination of the Project Agreement for Ruthin County Hall and other buildings.

Members were informed that for both financial and operational reasons, the Council had terminated the County Hall PFI Project Agreement in May 2015.

Full Council had approved budget savings in 2015/2016 on the basis that the PFI contract would be terminated and full control of the assets passed to the Council. The report provided a summary of the history and context which had underlined the original decision to enter into a PFI agreement.

The CFO provided a summary of the report which included details pertaining to:-

- An outline of the PFI financial model
- Total cost of the Agreement
- Termination of the Agreement having triggered a compensation payment which had crucially provided better value for money for the Council
- A termination account having been submitted to the Council on 7 September 2015
- Details of the final compensation paid
- Reference to the external advice and support used in specialist areas during the complex process, and
- the consultation process which had been adopted.

The Committee thanked the Chief Finance Officer and his team for their work on the project.

Following detailed discussion, it was:

**RESOLVED** that the Corporate Governance Committee:

- (i) receive and note the report
- (ii) agree that the PFI Project Agreement Termination be fed into future Budget Workshops.

At this juncture, the meeting reverted back to **PART I**

## 7 BUDGET PROCESS 2015/16

The Chief Finance Officer (CFO) introduced a report (previously circulated) to provide an update on the process to deliver the revenue budget for 2016/17.

The latest progress with the budget setting process had been presented to a Member Budget Workshop on 26 October 2015, and details of the presentation had been included within the report. The latest budget planning assumptions had been discussed and had been summarised with the budget gap assuming a settlement being set at -4%. Proposals totalling approximately £2m had been identified for inclusion in Phase 5 which was to be presented to Council for approval in December.

The Draft Settlement for Local Government in Wales was usually published in early October but it would not be issued until 9 December as a consequence of the UK government Spending Review not being published until 25 November. The Spending Review would determine the level of the Block Grant to Wales. The late announcement of the Draft Settlement would mean that the budget timetable may need to be refined, as the Council had to set its budget in time to allow the production and distribution of Council Tax bills in March.

Appendix 2 was a letter from Welsh Government/WLGA, which outlined the timetable and some of the issues. The timetable did present some risks if settlement values changes significantly or if there were problems agreeing the budget at a national level, and this was being kept under review.

**RESOLVED** that Corporate Governance Committee receives and notes the contents of the report on the latest update.

## 8 CORPORATE RISK REGISTER

The Strategic Planning Team Manager (SPTM) introduced a report (previously circulated) on the management of Corporate Risk and the October 2015 revision to the Corporate Risk Register.

The SPTM explained that the report summarised how the Corporate Risk Register would be monitored and managed. It represented an annual report for Corporate Governance Committee to consider how Corporate Risk was managed within the Authority.

A formally updated version of the Corporate Risk Register had been agreed by Cabinet Briefing in October, 2015, and would be presented to the Performance Scrutiny Committee on 10 December 2015. The report alerted the Committee to the review of the Corporate Risk management methodology in light of the Well-being of Future Generations Act.

The Register was formally reviewed twice annually by Cabinet and CET. Any significant new or escalating risks would be brought to the attention of CET as and when identified, and CET would take the view as to whether a risk should be included in the Register. Following each formal review, the revised document

would be presented to Performance Scrutiny. Actions identified to address Corporate Risks would be included in Service Plans, where appropriate, which would enable Performance Scrutiny to monitor the progress. Any performance issues relating to the delivery of the activities would be highlighted as part of the Service Performance Challenge process.

The Well-being of Future Generations Act required consideration of the work undertaken utilising the five principles of sustainable development, and the way in which risks were considered and managed would need to be reviewed in line with the new legislation. The review would take place as part of the implementation of the new Act which would come into force in April 2016 and members would be fully involved.

A report was due to be presented to the Scrutiny Chairs and Vice-Chairs meeting in December to introduce how Scrutiny could incorporate the requirements of the Well-being of Future Generations Act into their work.

During discussions, Members raised concerns regarding Betsi Cadwaladr University Health Board (BCUHB) and it was confirmed that there were a number of controls in place containing a number of actions. Interaction between BCUHB and Denbighshire County Council had been ongoing to minimise the impact on Denbighshire.

The Head of Legal, HR and Democratic Services assured Members that the three issues which had been raised from the BCUHB Officer attendance at a recent Council meeting were now all within the Scrutiny Forward Work Programmes. These were as follows:

- (i) Primary Care – 17 December 2015 Communities Scrutiny Committee
- (ii) Future Developments – Royal Alexandra Hospital, Rhyl – 26 November, 2015 Partnerships Scrutiny Committee
- (iii) HASCASS Report – 25 February 2016 Partnerships Scrutiny Committee.

Following further discussion it was:-

***RESOLVED*** that the Corporate Governance Committee noted how Corporate Risk was managed in the Authority

## **9 NATIONAL CONSULTATION ON FREEDOM OF INFORMATION**

The Corporate Information Manager (CIM) introduced a report (previously circulated) which provided details of Denbighshire's proposed response to a consultation on the Freedom of Information Act 2000.

The CIM outlined the Act's intended objectives and provisions. The terms of reference of the Independent Commission on Freedom of Information had been set out by the Cabinet Office. Details of the role and remit of the Commission to review the Freedom of Information Act 2000 had been provided.

Details of the response compiled by Denbighshire to Question 6, which had been considered to represent the most pertinent issue for the Council, had been included within the report.

The Council had found that many requests involved several hours of work. Additionally, redaction of documents could take several hours, even days in some cases, but at present, the Act did not allow this work to be included within the timescale threshold.

It was explained that Denbighshire would encourage amending the Freedom of Information Act to include provision for Public Authorities to charge a nominal fee of possibly £20 for each request. It also recommended that the appropriate limit, (Section 12), be reduced from 18 to 10 hours, and include the time spent on redaction. It was considered that introducing the proposed changes would reduce the burden for Public Authorities to a more manageable and proportionate level whilst maintaining the public's statutory rights of information access.

Following the indepth discussion it was:

***RESOLVED*** that subject to the above, the Corporate Governance Committee note the Council's proposed consultation response.

**At this juncture (11.55 a.m.) there was a 10 minute break.**

**Meeting reconvened at 12.05 p.m.**

## **10 COUNCIL CONSTITUTION**

The Head of Legal, HR and Democratic Services, introduced a report (previously circulated) which provided an update on the future adoption of a new model constitution for Wales.

The Corporate Governance Committee terms of reference required any intended changes to the Council Constitution to be considered first before formal adoption by the Full Council.

The Head of Legal, HR and Democratic Services, referred to a previous report in July, 2015 which considered proposed amendments to the Articles of the Constitution, proposals regarding the delegation of decision making to Cabinet Members and amendments to the Officer Employment Rules. This report sought Members' views on proposed amendments to the Officer Scheme of Delegation. The proposed Scheme, Appendix 1, reflected changes in the senior management structure of the Council and the transfer of responsibilities which had taken place. Cabinet's approval of the Scheme would be sought in December to ensure that the executive function delegations had been appropriately authorised.

The Constitution Working Group had, in October, considered the codes and protocols contained in Part 5 of the Constitution. The Group had considered in

detail the Protocol on Member/Officer relations, and an amended version of the protocol had been included as Appendix 2 to the report.

The Committee previously considered potential amendments to its own terms of reference, such as the potential areas of work that could be transferred to the Standards Committee. Ultimately, the Committee's view had been not to transfer areas of work to that Committee. However, there had been matters discussed such as risk management and complaints where there had been some concern that there was potential duplication in the role of this Committee and that of Scrutiny. A proposed amended terms of reference for the Committee had been included as Appendix 3, which provided an updated version and reflected those discussions.

A Member Workshop would brief the wider membership on the changes considered by the Committee and obtain their views, prior to reporting to Council in February, 2016 to seek approval of the amended Constitution.

Following further discussion, it was:-

**RESOLVED** that Corporate Governance Committee notes the contents of the report prior to wider consultation with Members.

## 11 CORPORATE FLEET MANAGEMENT - INTERNAL AUDIT REPORT

The Head of Internal Audit introduced a report (previously circulated) which informed the Committee of a recent Internal Audit report on Corporate Fleet management that received a "Low" assurance rating.

The Head of Internal Audit introduced the report which sought the Committee's views on the Internal Audit report, and agreement of the assurance that the Action Plan within the report was being implemented effectively within the agreed timescales.

The full Internal Audit report had been included as Appendix 1, and the key issues arising from the report included:-

- An out of date Transport Policy
- The need to improve communication with service users
- Improvements needed to some processes, procedures and policies within the service
- The need to seriously consider investment in a new fleet management system
- Improvements required when employees are appointed, to ensure that their eligibility to drive is checked during the recruitment process
- Ensuring that lessons learned are always considered in the event of incidents and near misses, and
- Improvements needed to fuel management.

It had been confirmed that prior to the issue of the final audit report, an "escalation meeting" had been held with the Head of Highways and Environmental Services,

Corporate Director: Economic and Community Ambition, Lead Cabinet Member and senior managers to discuss the Audit Report and to agree an Action Plan.

**RESOLVED** that:-

- *the Corporate Governance Committee receives and notes the contents of the report on the latest update*
- *a verbal update be presented at the next Corporate Governance Committee meeting in January 2016 and a written report to be presented at the March meeting.*

## **12 CORPORATE GOVERNANCE COMMITTEE - SELF ASSESSMENT**

This item was deferred until the meeting taking place on 27 January 2016.

## **13 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME**

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

27 January 2016:-

- (i) Corporate Governance Committee – Self Assessment Report
- (ii) CSSIW Annual Report (TBC)
- (iii) Part II – Internal Audit Report – Ysgol Mair
- (iv) Internal Audit Report - Corporate Fleet Management (verbal report)

23 March 2016:-

- (i) Internal Audit Report – Corporate Fleet Management (written report)

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

**The meeting concluded at 1.15 p.m.**