

CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting of the Corporate Governance Committee held in Conference Room 1a, County Hall, Ruthin on Wednesday, 14 November 2012 at 9.30 am.

PRESENT

Councillors Raymond Bartley, Stuart Davies, Martyn Holland, Gwyneth Kensler (Vice-Chair), Jason McLellan (Chair) and David Simmons. Mr Paul Whitham (Lay Member).

Observer Councillor Bill Tasker

ALSO PRESENT

Head of Legal and Democratic Services (GW), Head of Business Planning and Performance (AS), Head of Internal Audit (IB), Audit Manager (BS), Chief Accountant (RW), Head of Customers and Education Support (JW), Customer Care Project Officer (SG), Wales Audit Office Representatives (AV and GB) and Committee Administrator (SLW).

1 APOLOGIES

Apologies for absence were received from Councillor Julian Thompson Hill.

2 DECLARATIONS OF INTEREST

No Members declared any personal or prejudicial interest in any business identified to be considered at this meeting.

3 URGENT MATTERS

No items were raised which, in the opinion of the Chair, should be considered at the meeting as a matter of urgency pursuant to Section 100B(4) of the Local Government Act, 1972.

4 MINUTES

The minutes of the Corporate Governance Committee held on 26th September, 2012 were submitted.

RESOLVED that the minutes of the meeting held on 26th September, 2012 be received and approved as a true and correct record.

5 WAO IMPROVEMENT ASSESSMENT LETTER

The Head of Business, Planning and Performance (H:BPP) introduced the report on behalf of the Corporate Improvement Team Manager who was unable to attend the meeting. The report outlined the Improvement Assessment letter which had been issued by the Wales Audit Office (WAO) on 17th September, 2012. The Improvement Assessment Letter had been issued prior to the publication of The Corporate Plan. The Corporate Plan had been approved at Full Council on the 9th

October, 2012. The Corporate Plan had also been scheduled for discussion at a future Performance Scrutiny Committee meeting.

The WAO representative gave a summary of the contents of the Improvement Assessment letter. As the Corporate Plan had not been agreed prior to the 17th September letter, a further Improvement Assessment letter would be issued at the end of November, 2012. The letter would assess whether the Council had discharged its improvement planning duties under the Measure and review the goals that the Council had set for itself in order to monitor the delivery of its improvement objectives.

WAO had made two proposals for improvements within the Annual Improvement Report as follows:-

- The Council in common with other Local Authorities in Wales, should use its annual review of governance arrangements to provide a more robust self-assessment of their effectiveness. The Council undertook a corporate governance review as part of the process to update and agree its Annual Governance Statement. The review found that the Council had adequate arrangements in place for meeting the six principles in the framework but the review of the effectiveness of the arrangements identified three significant governance risks:

- Partnership governance;
- Information governance; and
- Elected Member performance and development.

Further feedback from WAO would be presented to the Council later this year and WAO were to give feedback to the governance annual statement by March 2013.

- By September 2012 the Council should establish how it would support the Rhyl Going Forward delivery plan including:
 - Showing how it fits with the county regeneration programme;
 - Confirming the staff and financial resources that will be available to support delivery; and
 - Arrangements for periodic evaluation of progress.

Managerial responsibility within the Council for Rhyl Going Forward had undergone a period of transition as part of the reorganisation of duties amongst the Council's Heads of Service. At senior level, the newly appointed Corporate Director of Economic and Community Ambition would assume responsibility for economic development. A further assessment of progress with regard to the Rhyl Going Forward delivery plan would be provided later in 2012.

Following discussion, clarification had been given regarding the issues raised:-

- The risk within the Improvement Assessment Letter regarding elected member performance and development referred to how members would be held to account. Procedures and scrutiny were in place and WAO would be looking at the totality of performance by the group of elected members. Following the election of Members in May, 2012, Denbighshire County

Council provided a comprehensive training package but the Lead Member had been looking at how this could be taken forward within the next 6-12 months. There was a piece of work taking place at the moment reviewing the timing of the meetings.

- The definition of partnerships related to the partnerships with other Local Authorities, which was a wide definition.
- Regarding paragraph 9 of the covering report which stated this report presented no new risks to the Council, any previous risks were within the Corporate Risk Register.
- It was agreed that following the election of the Police Commissioner, an invitation would be sent to the Police Commissioner to attend a future Corporate Governance Committee meeting.

RESOLVED that:

- (a) *following consideration of the report, the Committee did not feel any issues needed to be raised at the Performance Scrutiny Committee meeting to be held on the 29th November, 2012.*
- (b) *The newly elected Police Commissioner be invited to attend a future Corporate Governance Committee meeting.*

10.00am – at this juncture, the Chair, Councillor Jason McLellan left the meeting to attend a memorial service which was being held in Prestatyn for the 5 people who lost their lives in a recent house fire.

Councillor Gwyneth Kensler took over the role of Chair for the remainder of the meeting.

6 INTERNAL AUDIT PROGRESS REPORT

The Head of Internal Audit Services (H:IAS) submitted a report (previously circulated) updating members on the latest progress of the Internal Audit Service in terms of service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.

The H:IAS highlighted particular areas of the report as follows –

- delivery of the Operational Plan for 2012/13
- a revised Operational Plan for 2012/13
- recent Internal Audit reports issued
- management's response to issues raised
- Internal Audit's performance

Since the Internal Audit Report submitted in September 2012, the following reports had been issued:-

- Higher Education Student Finance
- Revenues and Benefits Service
- Home to School Transport – joint report with Conwy County Borough Council
- Translation Service
- Business Continuity Planning – this was a summary report for information only as it had previously been presented to SLT.

- Strategic Human Resources.

During consideration of the report the H:IAS clarified issues in response to members' questions thereon as follows:-

- The Home to School Transport report formed part of the papers submitted to the Committee. This was graded as yellow for Denbighshire County Council, which was good, but for Conwy County Borough Council this had been graded as a red which was the lowest assessment.
Regarding home to school transport, it was confirmed operators were appointed via an electronic auction system and this drives down the costs.
- There were ten issues across the HR service and those areas were being assessed. The H:IAS would build up a framework to enable issues to be specifically dealt with over the next few years. The HR work which had taken place had not included teachers. Following the Strategic HR Escalation meeting, one thing which had been apparent had been that the action plan was extremely unrealistic as were the time scales. The Head of Customers and Education Support (H:CES) confirmed that HR were in the process of meeting with the Head of Service to talk through addressing the capacity of what was needed. Specialist software was also being implemented within HR.
- The H:IAS confirmed that work was currently taking place regarding Consultants' payments.
- 40% of the planned projects had been completed, and the H:IAS confirmed he was confident that the remainder of the planned projects would be completed later in the financial year.
- Pavilion Theatre, Rhyl. A meeting would take place within the next two weeks to decide upon a robust action plan. Once this had been agreed, a report would be brought back to Corporate Governance Committee.

RESOLVED that subject to members' comments above, the progress report on the Internal Audit Service be received and noted.

7 ANNUAL "YOUR VOICE" REPORT

The Head of Customers and Education Support (H:CES) presented a report (previously circulated) to provide members with an overview of complaints and compliments received by Denbighshire County Council under the council's feedback policy "Your Voice" during the period 1st April 2011 to 31st March, 2012.

The H:CES reported that a re-launch of the complaint procedure "Your Voice" would take place. The process would have three elements:-

- Dealing with complaints on time
- Sharing information when compliments were received
- How to gather feedback.

A quarterly report would be taken to the Performance Scrutiny Committee to enable any issues to be dealt with immediately rather than delaying until the year end. A monthly report would also be presented to SLT.

The Corporate target for dealing with complaints on time was 95% but currently this had been running at 88%. Work was taking place with services to improve the complaint response time and encourage services to meet their targets.

The highest proportion of complaints came in at stage 1, although a number go through to the next stages. There was a need to understand where the escalations came from and if there had been an underlying issue as to why the service had not dealt with the complaint in an effective and timely manner.

The Ombudsman had only investigated two complaints, but an issue the report did reveal was that 17 out of 38 complaints were sent on to the Ombudsman too early. The Ombudsman then referred them back to the Council.

The Ombudsman focused on customers and had issued guidance to be adopted by each Local Authority. This would lead to stage 3 complaints being reduced and a majority would then become stage 2 complaints.

The Council were working to be an open and transparent authority. Complaints were to be encouraged and responses dealt with effectively. Vexatious complaints were to be dealt with as a matter of urgency.

There was a corporate system in place on which detailed information had to be entered. There was a vexatious section within the system which was to be reviewed to ensure the system would be more robust.

It was recommended that percentage trends over time and annual historic data would be useful information for future meetings.

Over time customer services capacity would grow. It was agreed there were currently insufficient numbers of staff at certain times of the day. Cash office staff numbers were to be reduced as automated payment machines were to be put in place. This would provide additional resources for the call centre. A pilot scheme had been running within the Housing section and would also take place in Highways in the future.

Services had been asked to identify trends throughout their own departments. There were two corporate indicators but the council were now looking at service standard indicators as follows:-

1. how complaints were dealt with and
2. how trends were identified.

Monitoring complaints had been an issue in the past but services were currently being checked to ascertain if they were analysing trends. The information would be passed through the service challenge process and fully change the service as a consequence.

There was a standing item within the Standards Committee Agenda – “Code of Conduct Complaints”.

The Ombudsman's Annual Report also had a break down of Member code of conduct issues.

RESOLVED that:-

- *the Committee note the suggestions regarding improvement of the Council's performance in handling complaints, and*
- *percentage trends and annual historic data to be included in the future reports.*

At this juncture (10.50 a.m.) there was a refreshment break

Meeting reconvened at 11.00 a.m.

8 TREASURY MANAGEMENT UPDATE

The Chief Accountant introduced the report (previously circulated) and provided some background information on the Council's treasury management function.

There were six sections to the report :-

- i External economic environment
 - An update on any changes in the global economic conditions.
 - Financial markets being volatile affected the way investments were dealt with. The council's treasury advisers had been monitoring economic and political developments and they were comfortable with extending the duration limits with the banks used. The council's current policy was to limit all investments to 7 days but the latest advice had been received after the report had been submitted to the Corporate Governance Committee. The advice received had been considered and it was agreed to relax the criteria and extend the self imposed 7 day time limits.
 - The increased duration limits with the following UK banks were as follows:
 - ❖ Royal Bank of Scotland (RBS), National Westminster, Lloyds TSB and Bank of Scotland for a maximum period of six months.
 - ❖ Nationwide BS and Barclays for a maximum of twelve months.
- ii Investments
 - An update on who the council invest with and the current position.
 - It was decided that extending the duration limits would not yield substantial gains and the instant access call accounts would give greater flexibility to reduce the investment cash without the need for borrowing. The investment term would be extended when it made financial sense to do so.
 - The up to date figure of investment was £27.7million which was divided out as follow:

£8million – Bank of Scotland, Instant Access Call Account
£4million – Lloyds, Instant Access Call Account
£6million – National Westminster, Instant Access Call Account
£4million – Royal Bank of Scotland, Instant Access Call Account
£5.7million – Barclays

and a further £2million held in the National Westminster Current Account

iii TM strategy statement

- A brief outline of what was included in advance of the report in January 2013.
- The annual Treasury Management Strategy was produced which had to be approved by full council in February 2013. The Corporate Governance Committee would review the strategy statement in January 2013 prior to full council.
- The statement also outlined:
 - ❖ the council's treasury position and what would be the investment strategy for the forthcoming financial year. Also the borrowing strategy for the forthcoming year and listed the various sources of borrowing which were permitted to be used.
 - ❖ prudential indicators set boundaries within which the treasury management activity operated. There were twelve indicators of which five were capital related and seven were treasury related.
 - ❖ capital related indicators which provided estimates of the capital expenditure over a three year period. Estimates of the Capital Financing Requirement would also be provided.
 - ❖ Treasury management indicators showed the borrowing limits which set the maximum level of external borrowing over a three year period. The indicators also set upper limits on exposure to fixed and variable interest rates to manage changes in interest rates. Limits were set on the amount of debt maturing within various time periods, and the final indicator set an upper limit for sums invested over 364 days.
- Procedures were in place regarding money laundering. They were in place for verifying and recording the identity of counterparties and reporting suspicions. The Head of Finance and Assets had been appointed as the Money Laundering Officer.
- TM strategy for the future six months was to reduce the investment balances and to use temporary borrowing.

iv Prudential Indicators

- An explanation of the indicators including details of when they were set and a brief introduction.

- The indicators were calculated to demonstrate that the council's borrowing was affordable and included measures that showed the impact of capital and borrowing decisions over the medium term. The council had remained within all its borrowing and investment limits for 2012/13 agreed by Council in February 2012. The council had not deviated from the Capital related indicators either.
- v Money Laundering
 - An update on the Money Laundering Policy confirming that there had not been any cases reported.
 - Staff had been trained to be aware of what to look out for.
 - The Head of Finance and Assets had been appointed as the Money Laundering Officer.
- vi Future Activity
 - An update on the plans for the next six months.
 - The council intended to reduce its investment balances and to use temporary borrowing as a means of funding short term cash flow requirements.

The issue of training for Members was raised. It was agreed that a special training session be arranged. Invitations would be sent to the Members of Corporate Governance Committee but would also be open to all other Councillors.

RESOLVED that:-

- *Members noted the Treasury Management update report*
- *Member training to be arranged prior to January 2013*

9 CORPORATE GOVERNANCE COMMITTEE FORWARD WORK PROGRAMME

A report by the Head of Legal and Democratic Services (H:L&DS) was submitted (previously circulated) outlining the committee's forward work programme.

The WAO representative (GP) confirmed a further report from the Wales Audit Office would be included in the meeting to be held on 9th January 2013.

H:L&DS confirmed the Corporate Governance Framework would be brought to the meeting to be held on 9th January 2013.

The Role of Champions would be added to the meeting taking place on 27th February 2013.

RESOLVED that, *subject to the amendments the Corporate Governance Forward Work Programme be approved.*

10 REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

PART 2

A report by the Head of Legal and Democratic Services (H:L&DS) was submitted (previously circulated) to provide the Corporate Governance Committee with two external reports from the Office of Surveillance Commissioners (OSC) and also the Interception of Communications Commissioner's Office (ICCO).

The report would also provide information regarding the Council's use of its powers under the Regulatory and Investigatory Powers Act 2000 (RIPA). Under this legislation, an Investigating Officer must make a formal application to an Authorising Officer/ Designated Person, prior to carrying out any kind of covert surveillance. Members of CET were now Authorising Officers. The application must be made in line with the Council's Policy and Procedures Guidance.

The council were required under the Home Office Code of Practice to make regular reports to members on the use of such powers under RIPA. Given the low number of authorisations granted, an annual report was considered sufficient.

Following the introduction of the Protection of Freedoms Act 2012 which took effect from the beginning of November 2012, an authorisation once granted had to be confirmed by a Magistrate before surveillance could commence.

The Government introduced the Protection of Freedom Act from the beginning of November 2012 which modified how surveillance had to be run. Once authorisation had been granted, no-one could run the surveillance until the authorisation had been heard by a Magistrate.

An inspection by OSC had been carried out in the summer. Training had taken place on 18th June and the inspectors had checked through the training documentation. The training covered legislative basics and the dos and don'ts of issues to be considered.

A RIPA Working Group had been set up which met on a six monthly basis. There had been criticism of some items within the report. It had been suggested a unique reference number be allocated. The IT Department were currently dealing with this issue.

It had been recommended by the ICCO that the council sign up to the National Anti Fraud Network (NAFN). NAFN would deal with applications on the council's behalf and NAFN would then be inspected by the ICCO. The proposal had been taken to SLT and agreed. The fee for signing up to NAFN was £2000 per annum. A further report would be brought to Corporate Governance Committee to confirm the council had signed up to NAFN. H:L&DS would be the senior Responsible Officer for contact with NAFN.

It was suggested that following the Working Group meeting, a brief information sheet could be produced and submitted to Committee.

The issue of surveillance of staff would need to be referred to the H:L&DS.

Cameras on school premises were a separate code of practice.

H:L&DS confirmed if a RIPA had not been in place, it did not legally mean it would be wrong but meant it would be open to challenge and action could be taken against the council for breach of human rights.

RESOLVED that:

- *Committee note the contents of both Inspection reports*
- *Agreed that training would not be of benefit to Corporate Governance Members*

The meeting concluded at 12.10 p.m.