

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in Civic Suite 0.1A, Pathfinder House, St Mary's Street, Huntingdon PE29 3TN on Wednesday, 20 July 2016.

PRESENT: Councillor M Francis – Chairman.

Councillors E R Butler, Mrs S Conboy,
Mrs L A Duffy, R Fuller, T Hayward,
P Kadewere, Mrs R E Mathews, R J West
and J E White.

APOLOGIES: An apology for absence from the meeting was submitted on behalf of Councillor K M Baker.

IN ATTENDANCE: Councillor J Gray.

12. MINUTES

The Minutes of the Corporate Governance Committee meeting held on 8 June 2016 were approved as a correct record and signed by the Chairman.

13. MEMBERS' INTERESTS

There were no declarations of interest received from those Members that were present.

14. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

The Committee received and noted a report (a copy of which is appended in the Minute Book) of progress regarding Business Continuity Planning, an update report for which will be presented to the Committee meeting in December.

15. EXCLUSION OF PRESS AND PUBLIC

RESOLVED

that the press and public be excluded from the meeting because the business to be transacted contains information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

16. REVIEW OF BENEFITS RISK BASED VERIFICATION POLICY

The Committee gave consideration to a confidential report (a copy of which is appended in the Minute Book) regarding the revised Risk Based Verification (RBV) Policy.

The RBV was a method of risk scoring claims for Housing Benefit and Council Tax Support so that additional checks and resources were

targeted at cases most likely to contain fraud and/or error prior to putting the claim into payment.

The RBV was introduced for new benefit claims in March 2013 and was reviewed in July 2015 to allow the RBV to be applied to changes of circumstance in addition to new claims. A further review of the Policy had been conducted to implement a different type of check, which would enhance and streamline the existing process to ensure the gateway to the benefit system remained secure.

Guidance from the Department for Work and Pensions (DWP) required that where a local authority implemented RBV, a Policy must be produced, receive Member approval and be reviewed annually.

At 7.07pm, Cllr Gray, Executive Councillor for Strategic Resources entered the meeting.

In response to a question it was explained that the software costs for the credit reference module would be covered by the new burdens funding from the DWP and that the revision to the current process would generate a significant financial saving for the Council.

It was suggested by the Committee that the additional check should be applied to all applications. Regarding measures to test the effectiveness of the system it was explained that External Audit audited claims to confirm validity and accuracy.

The Committee was pleased to note that the fraud and error detected by the Council exceeded the baseline figure for blind sampling and having received an explanation as to the method for blind sampling the Committee,

RECOMMENDED

that the Cabinet approve the revised Risk Based Verification Policy.

17. RE-ADMISSION OF THE PRESS AND PUBLIC

RESOLVED

that the press and public be re-admitted to the meeting.

18. ANNUAL REPORT ON COMPLIANCE WITH THE FREEDOM OF INFORMATION (FOI) & ENVIRONMENTAL INFORMATION REGULATIONS (EIR) ACTS

With the assistance of a report by the Information Governance Manager, presented in his absence by the Head of Customer Services (a copy of which is appended in the Minute Book), the Committee received a report on the number of requests received by the Council under the Freedom of Information (FOI) Act and Environmental Information Regulations and any issues encountered

and actions taken to improve performance.

The numbers of requests received by the Council in 2015 (704) indicated a decline of 11% from the previous year (791 requests were received in 2014). Nearly all (94%) requests were completed without withholding information. However, only 1% were resolved by reference to proactively published information.

The Committee were informed that a new system for managing requests would be implemented by the end of 2016, which was a joint system with South Cambridgeshire District Council and Cambridge City Council. The new system would provide automated workflows, a disclosure log and reporting to Service Managers.

In response to a question it was explained that Customer Services received the greatest volume of requests. The most frequent requests related to Business Rates and Senior Officer Pay, information for which was published on the Council's website, as well as Council Tax banding. It was the intention to publish more information of the Council's website, to enable responses to be referred.

Regarding information not being held in 14% of cases, it was explained that this mostly related to information retained by Cambridgeshire County Council.

It was confirmed that the report did not include Subject Access Data requests as this was incorporated within the Data Protection Act and requests were subject to a fee.

It was noted that the source of requests was becoming more difficult to assess, since many were sent from anonymous webmail addresses mainly for marketing purposes. If the webmail address was totally ambiguous the Council requested further information to identify the individual. Requestors had the right to an 'internal review' of their case if they were not satisfied with the outcome, before taking further action to the Information Commissioner's Office. Whereupon, it was

RESOLVED

that the Corporate Governance Committee notes the content of the report.

19. DISPOSALS AND ACQUISITIONS POLICY: LAND AND PROPERTY - UPDATE ON THRESHOLDS

The Committee received a report by the Head of Resources (a copy of which is appended in the Minute Book) to review the thresholds included in the Disposal and Acquisition Policy.

It was explained that having considered the relatively slow use of the Policy over the past 12 months, it was proposed that the current thresholds remained unaltered.

It was noted that since the Cabinet had approved the Disposal and Acquisition Policy and the Commercial Investment Strategy, the

Council had invested in two commercial properties, one below the threshold that required Cabinet approval, the other being above.

The Committee were referred to an additional recommendation tabled at the meeting regarding a revision to the Policy, proposed in order to support Parishes, that

'When land is disposed of within a Parish Council area, where there is no likelihood of any consequential development funding returning to the Parish Council (e.g. Community Infrastructure Levy or S.106), that following disposal the Parish Council receives 10% of any capital receipt received by the Council, subject to agreement by the Cabinet'.

It was explained that in some Parishes there were parcels of land that were too small to enable the Parish Council to benefit from development funding. Therefore, where the District Council opted to dispose of development land for commercial gain, the proposal enabled the respective Parish Council to receive 10% of any capital receipt.

It was confirmed that the proposed Policy amendment would apply to any Parish or Town Council if they were not able to benefit from development funding such as Community Infrastructure Levy or S106 money. If they were then they would not be eligible.

It was suggested that there would need to be some criteria to ensure that the capital receipt was allocated specifically for infrastructure and not for items such as new furniture for village halls.

In response to a question it was explained that Parish and Town Councils were not notified of small disposals of land and often provided input regarding areas of land that the District Council maintained. There were currently ten potential sites where the amended Policy could apply and the respective Parish or Town Council would be notified of this as appropriate.

It was noted that there was a useful map on the Cambridgeshire County Council website which identified its assets, which would be useful to replicate on the District Council website.

Having agreed that the current thresholds remain unaltered and that the Council had to progress opportunities of disposals and acquisitions expediently, the Committee,

RESOLVED:

- i. to note the report;
- ii. that the Disposals and Acquisition Policy thresholds be reviewed in 12 months' time; and

RECOMMENDED:

- iii. **that the Cabinet approve the following amendment to the Disposals and Acquisition Policy:**

'When land is disposed of within a Parish Council

area, where there is no likelihood of any consequential development funding returning to the Parish Council (e.g. Community Infrastructure Levy or S.106), that following disposal the Parish Council receives 10% of any capital receipt received by the Council, subject to agreement by the Cabinet’.

20. CODE OF CORPORATE GOVERNANCE

With the aid of a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) the Panel was apprised of the new Code of Corporate Governance.

The Council first adopted a Code of Corporate Governance in September 2003, which had been subsequently amended on a number of occasions to take account of updates to ‘proper practice’. A new ‘proper practice’ document - Delivering Good Governance in Local Government: Framework – was published in April. The Framework was recognised as ‘proper practice’ by both the Accounts and Audit Regulations 2015 and the national Code of Practice on Local Authority Accounting in the United Kingdom 2016. Therefore a new Code of Corporate Governance was required to meet the Framework and ensure that the Council acted in accordance with ‘proper practice’.

The Framework defined seven principles that should underpin the Council’s overall governance structure alongside a number of sub-principles that expanded each area.

In response to questions it was explained that whilst the wording of both the principles and sub-principles had altered from the current Code of Corporate Governance, the overall aims remained largely unchanged. However, Principles 4 and 7 were new.

Principle 4 related to interventions where there was an expectation that decision makers, both Members and Officers, would receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved. Also that the Council should obtain and consider customer feedback and internal/external stakeholders views about service delivery options/decisions. It was considered that both of these expectations had been achieved although further work was required by the Governance Boards to confirm the degree of compliance.

It was further considered that the sub-principles within Principle 7 regarding transparency, reporting and accountability were being achieved and the Governance Boards would be tasked with confirming the degree of compliance.

In November 2013 six Officer-led Governance Groups were introduced in response to specific concerns raised by the External Auditor about ‘cultural issues’ and compliance with agreed procedures. The responsibilities of the Governance Groups had recently been reviewed and six new Corporate Governance Boards had been formed. One revision being the removal of the ‘Risk’ Governance Group as it was considered that this was a matter for all Groups to address.

In preparing the Annual Governance Statement an annual review was undertaken of the Code of Corporate Governance arrangements which considered both overall compliance and if any potential changes were required to keep the Code of Corporate Governance up-to-date. Whilst the annual review process would remain, oversight of on-going compliance was to be improved through the involvement of Officer-led Corporate Governance Boards.

Each Board was given responsibility for oversight of specific elements of the Code of Corporate Governance. Reporting via the Corporate Management Team, the Governance Boards would be able to raise any issues of concern to allow CMT to take appropriate corrective action. It was expected that on-going oversight would have the benefit of reducing the time spent on undertaking the annual governance review so allowing the Annual Governance Statement in future years to be prepared by the end of June.

The lack of Member attendance at training events was noted amongst the Committee as requiring improvement. Members had previously completed a skills audit and the Chairman explained that he would discuss the matter with the Leader and the possibility of re-establishing the Member Development Working Group.

Having been informed that the Code of Corporate Governance would apply once adopted by the Council and used in the preparation of the Annual Governance Statement for the financial year 2016/17 onwards, the Committee,

RECOMMENDED:

that the Council adopt the new Code of Corporate Governance as attached as Appendix 1 of the submitted report.

21. ANNUAL GOVERNANCE STATEMENT: SIGNIFICANT ISSUES

With the aid of a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) the Committee was requested to consider any significant issues required to be identified within the 2015/16 Annual Governance Statement (AGS).

At the meeting in June, the Committee agreed that the need to improve debt management should be an issue included in the AGS.

The Corporate Management Team was of the opinion that the continued development of effective governance and reporting arrangements for shared services should be an issue specifically highlighted in the AGS.

Further to Minute No.11 of the meeting on 8 June 2016, the Committee were satisfied that the need to improve debt management was an issue for inclusion in the AGS. It was noted that a report on debt management would be presented to the Corporate Governance Committee meeting in September.

The Committee had previously been informed that no specialist IT

audit work had been undertaken in 2015/2016 and the reasons for this. In response to a question it was explained that a contractor had subsequently been appointed to undertake the audit.

The former Corporate Governance Panel had agreed that regular monitoring of the implementation of agreed audit actions be undertaken by Corporate Management Team, and that Members would receive this information via email from the Internal Audit and Risk Manager. It was noted amongst the Committee that since Members had received this information by email that there had been a decline in the percentage of actions being implemented on time.

The Committee discussed at length how this should be addressed and whether the officer with the most significant outstanding red action/s, in the opinion of the Internal Audit and Risk Manager, be required to present an explanation to the Committee. Subsequently the Committee agreed for the Internal Audit and Risk Manager to present an update report on the Implementation of Audit Actions to the next Corporate Governance Committee.

The Accounts and Audit Regulations 2015 required the AGS to be approved by the Committee prior to the approval of the statement of accounts and the final AGS would be presented to the Committee at its meeting in September 2016. Having been informed that the draft AGS would be circulated to the Committee before this meeting, the Committee,

RESOLVED

- i. To approve the significant governance issues, as detailed at paragraph 3.1 and 3.2 of the report, for inclusion in the Annual Governance Statement;
- ii. Expresses concern at the number of internal audit actions that are significantly overdue; and
- iii. That the Internal Audit and Risk Manager present an update report on the Implementation of Audit Actions to the next Corporate Governance Committee.

Chairman