



Minutes of a meeting of the Corporate Governance Committee held at County Hall, Glenfield on Friday, 18 January 2019.

PRESENT

Mr. P. Bedford CC (in the Chair)

Mr. T. Barkley CC

Mr. G. A. Boulter CC

Mr. J. G. Coxon CC

Mr. T. Gillard CC

Mr. J. Kaufman CC

Mr. J. T. Orson JP CC

Mrs. R. Page CC

Mr. S. D. Sheahan CC

106. Minutes of the previous meeting.

The minutes of the meeting held on 24th October 2018 were taken as read, confirmed and signed.

107. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 35.

108. Questions asked by members under Standing Order 7(3) and 7(5).

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

109. Urgent Items.

There were no urgent items for consideration.

110. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

No declarations were made.

111. Treasury Management Strategy Statement and Annual Investment Plan.

The Committee considered a report of the Director of Corporate Resources regarding the Treasury Management Strategy Statement and Annual Investment Strategy 2019/20. A copy of the report, marked 'Agenda Item 6', are filed with these minutes.

The Committee also considered a presentation provided by Link Asset Management (Link), the County Council's Treasury Management Advisors, which set out the role it played in advising the Council on Treasury Management activities and the role of the

Committee in relation to Treasury Management oversight. A copy of the presentation is filed with these minutes.

The Chairman welcomed Richard Dunlop of Link to the meeting.

Arising from the discussion on the presentation by Link, the following key points arose:-

- (i) Government had expressed concerns regarding the activities of some authorities who were borrowing heavily to invest in commercial property. Whilst guidance had been issued by CIPFA and MHCLG this was unclear. In this regard the County Council was in a different position in that it had not borrowed to invest in the property market;
- (ii) CIPFA guidance prioritised security and liquidity of Treasury Management investments above the rate of return;
- (iii) The Council's current risk appetite was described as 'cautious' and no Treasury Management investments had been made with any bank without a good credit rating. This was judged on a range of indicators, including at least an 'A' rating by Standard & Poor.

In respect of the Annual Treasury Management Strategy Statement and Annual Investment Strategy for 2019/20, the Committee was advised as follows:-

- (iv) Inclusion of non-ring fenced banks on the approved counterparty list provided they had passed Link's financial assessment allowed for a broader base for investment. All necessary due diligence would be undertaken and the risk would not be greater than lending to a ring fenced bank;
- (v) The investment criteria for property purchases and developments were set out in the Corporate Assets Investment Fund Strategy. This did not include a policy in respect of in-County and out-of-County property investments. The majority of investments made were in-County on the basis that they generated both an income for the Council and contributed to economic development and growth. Where property investments were made out-of-County these were normally in neighbouring authority areas.

RESOLVED:

- (a) That the Treasury Management Strategy Statement and Annual Investment Strategy 2019/20 be noted.
- (b) That a comparison of the credit ratings of ring-fenced and non-ring-fenced banks be presented at the next meeting of the Committee.

112. Quarterly Treasury Management Update.

The Committee considered a report of the Director of Corporate Resources which set out the actions taken in respect of treasury management in the quarter ended 31 December 2018. A copy of the report, marked 'Agenda Item 7', is filed with these minutes.

The Committee was advised that the loan of £5million to Northampton County Council had now been repaid with interest.

RESOLVED:

That the contents of the report be noted.

113. External Audit Plan 2018/19.

The Committee considered a report which presented the External Audit Plan for 2018/19. A copy of the report marked, 'Agenda Item 6', is filed with these minutes.

The Chairman welcomed John Gregory and Avtar Sohal of Grant Thornton, the County Council's external auditors, to the meeting.

Arising from discussion, the following points were noted:

- (i) Materiality was determined by a number of factors which included the Council's gross expenditure and assessment of the Council's ability to secure value for money. On this basis, materiality had been set at 2% of gross expenditure, i.e. £14million;
- (ii) The audit of the valuation of land and buildings was based on an assessment of the management processes and assumptions for calculating the estimate and the competency and capability of the valuer. Only in very exceptional circumstances would the Auditor commission an independent valuation.

RESOLVED:

That the contents of the report be noted.

114. Business Continuity Annual Report.

The Committee considered a report of the Chief Executive which provided an annual update on the Council's resilience and business continuity activities and work undertaken with other authorities in Leicester, Leicestershire and Rutland on such activities. A copy of the report, marked 'Agenda Item 9', and the presentation slides are filed with these minutes.

Arising from discussions the following points were noted:

- (i) All district councils were part of the Resilience Partnership and contributed financially to it. The LRF worked closely with and provided officer support to all districts in helping develop their business continuity plans;
- (ii) The LRF worked with parishes who wished to develop local resilience plans. In non-parished areas it was up to local community or voluntary sector groups to take the lead on such matters and the LRF would work with them. Currently there 47 local plans in place;
- (iii) The County Council has been working closely with the MCHLG on Brexit planning. The key focus has been on the freight operations at East Midlands Airport. Other areas of work involved the impact on health and social care services and on support to small businesses. Given the uncertainty, drawing up precise and costed plans was difficult.

RESOLVED:

That the contents of the report be noted.

115. Risk Management Report.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide an overview of key risk areas and the measures being taken to address them. A copy of the report, marked 'Agenda Item 10, is filed with these minutes.

Arising from discussions the following points were noted:

- (i) Risk 1.8 (risk to the Council's financial position and services if public sector partners and major providers of public services get into financial difficulty) - Members were advised that the focus would be on financial plans and deficits in maintained schools. With regard to other suppliers and their stability there was close monitoring, but it would not be possible to eliminate this risk completely;
- (ii) Risk 10.1 (risk to parental confidence in the ability of the 'whole system' to meet the needs of children with SEND in a mainstream school context if the Authority and its partners do not succeed in developing an inclusive culture across all schools, education providers and partner agencies (including the Parent Carer Forum)) - Maintained schools and academies had responded positively to the SEND consultation currently underway to develop additional capacity within Leicestershire;
- (iii) Risks 7.2 and 7.3 - (risk of recruitment and retention of staff within the Adults and Communities Department resulting in a reliance on agency staff and ensuring it has a sustainable external workforce to meet the Council's statutory responsibilities) work was underway to address the issue of recruitment and retention and consideration was being given to the introduction of market supplements.

RESOLVED:

- (a) That the contents of the report be noted;
- (b) That the current status of the strategic risks and emerging risks facing the Council, the Risk Management Healthcheck and insurance and counter fraud, be noted;
- (c) That a presentation and report be provided for the next meeting of the Committee on Risk 10.1 – Special Educational Needs and Disability (SEND);
- (d) That the Revised Risk Management Policy Statement and current Risk Management Strategy remain fit for purpose and be attached as an Appendix to the Medium Term Financial Strategy 2019-2023 and presented to the Cabinet and County Council in February;
- (e) That it be noted that the Risk Management Strategy will be reviewed in detail during 2019 taking into account the outcome of the health check undertaken by a consultant from Risk Management Partners and the outcome reported to a future meeting of the Committee.

116. Internal Audit Service Progress Report.

The Committee considered a report of the Director of Corporate Resources which summarised the work of Leicestershire County Council's Internal Audit Service (LCCIAS) finalised since the last report to the Committee, highlighted audits where high importance recommendations had been made and provided a brief overview of the resources of the Internal Audit Service. A copy of the report, marked 'Agenda Item 11', is filed with these minutes.

RESOLVED:

That the contents of the report be noted;

117. Date of next meeting.

RESOLVED:

That the next meeting of the Committee be held on Friday 10th May 2019 at 10:00am.

10.00 am - 12.45 pm
18 January 2019

CHAIRMAN

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