



Minutes of a meeting of the Corporate Governance Committee held at County Hall, Glenfield on Friday, 26 May 2023.

PRESENT

Mr. N. D. Bannister CC  
Mr. T. Barkley CC  
Mr. D. C. Bill MBE CC  
Mr. G. A. Boulter CC

Mr. B. Champion CC  
Mr. J. T. Orson CC  
Mr. T. J. Richardson CC

1. Appointment of Chairman.

RESOLVED:

That Mr. T. Barkley CC be elected Chairman for the period ending with the date of the Annual Meeting of the County Council in 2024.

Mr T. Barkley CC in the Chair

2. Election of Vice Chairman.

RESOLVED:

That Mr T. J. Richardson CC be elected Vice Chairman for the period ending with the date of the Annual Meeting of the County Council in 2024.

3. Minutes of the previous meeting.

The minutes of the meeting held on 16 March 2023 were taken as read, confirmed and signed.

4. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 34.

5. Questions asked by members.

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

6. Urgent items.

The Chairman advised that there was one urgent item for consideration which was a report from the Director of Law and Governance titled 'Dispensation for Non-Attendance'. The report was urgent as the member concerned, if they were unable

to attend full Council in July 2023, would automatically cease to be an elected member of the Council.

7. 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.

Mr T. J. Richardson CC declared a non-registerable interest in agenda items 14 and 15 (Quarterly Treasury Management Update and Annual Treasury Management Statement 2022/23 respectively) as he was in receipt of a pension from Lloyds Bank Plc.

8. Presentation of Petitions.

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

9. External Audit Plan 2022/23

The Committee considered a report of the Director of Corporate Resources which presented the 2022/23 external audit plan and audit risk assessment for the Council and its Pension Fund. A copy of the report, marked 'Agenda Item 9', is filed with these minutes.

The Chairman welcomed Mary Wren from Grant Thornton UK LLP, the County Council's external auditors, to the meeting.

Arising from discussions the following points were noted:

- (i) The introduction of auditing standard 'ISA315 - identifying and assessing the risks of material misstatement' required the auditor to obtain an enhanced understanding of the Council's business processes, IT systems and controls. An additional audit fee of £5000 had been estimated for this work.
- (ii) Appendix C of the report was a document entitled 'Informing the audit risk assessment for Leicestershire County Council and Pension Fund 2022/23'. Page 5 of this document included a section which set out the key events or issues that would have a significant impact on the financial statements for 2022/23. In response to a question from a member it was clarified that Special Educational Needs and Disabilities (SEND) was covered in this section under the increasing Dedicated Schools Grant (DSG) deficit.

RESOLVED:

That the report presenting the 2022/23 external audit plan and audit risk assessment for the Council and its Pension Fund be noted.

10. Risk Management Update

The Committee considered a report of the Director of Corporate Resources which provided 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.

It was noted that the introduction of the Oracle Fusion HR/Payroll system changed the way schools and academies accessed the payroll system. However, the changes had not always been well received by some schools and academies. Part of the reason for this was that it had not been possible to create a bespoke system for every school and academy.

In response to a question from a member as to whether the County Council's actions in relation to Oracle Fusion had resulted in a loss of business for the Council it was acknowledged that there had been an element of this, however some schools and academies welcomed the changes and therefore there had also been a positive effect on the business.

In response to a question as to whether the County Council would be outsourcing the HR/Payroll system for its own staff, it was explained that first a value for money/benchmarking review would be taking place to assess how the County Council's service compared against the market before any changes would be considered.

RESOLVED:

- (a) That the current status of the strategic risks facing the County Council be noted;
- (b) That the updates on the following areas be noted: -
  - i. Emerging risk - Cessation of HR administration and payroll services to schools and academies;
  - ii. Risk management actions reported in the Annual Auditors Report;
  - iii. Counter fraud.
- (c) That a presentation on the County Council's new insurance brokers be provided at the next meeting of the Committee.

#### 11. Provisional Draft Annual Governance Statement 2022/23

The Committee considered a report of the Director of Corporate Resources which presented the provisional draft Annual Governance Statement (AGS) 2022/23. A copy of the report, marked 'Agenda Item 11', is filed with these minutes.

In response to a request from a member for an update regarding the rectification of the environmental damage at Firs Farm, the Director of Corporate Resources explained that the details were currently confidential, but an update would be provided in the final draft AGS and circulated to members before it was posted on the Council's website before the end of June 2023.

RESOLVED:

- (a) That the provisional draft Annual Governance Statement 2022/23 be supported;
- (b) That the two significant governance issues reported in the provisional draft Annual Governance Statement 2022/23 be noted;

- (c) That it be noted that the provisional draft Annual Governance Statement 2022/23, will be subject to amendments and that a final draft Annual Governance Statement 2022/23 will be circulated to members of the Corporate Governance Committee before it is published with the draft Statement of Accounts before the end of June 2023.
- (d) That it be noted that the provisional draft Annual Governance Statement 2022/23, which may be subject to such changes as are required by the Code of Practice on Local Authority Accounting, has been prepared in accordance with best practice.

12. Internal Audit Service - Progress and Plans

The Committee considered a report of the Director of Corporate Resources which provided a summary of Internal Audit work undertaken during the period 29 October 2022 to 5 May 2023 and an update on planned work for the six months to the end of September 2023. A copy of the report, marked 'Agenda Item 12', is filed with these minutes.

A member noted the use of acronyms and abbreviations in the appendices to the report and raised concerns about whether the public would be able to understand the documents and requested that they be made more accessible.

RESOLVED:

That the contents of the report be noted.

13. Internal Audit Service Annual Report 2022/23

The Committee considered a report of the Director of Corporate Resources which presented the Annual Report on the work of the Internal Audit Service. A copy of the report, marked 'Agenda Item 13', is filed with these minutes.

It was noted that there was a typographical error at paragraph 12 of the Appendix (Internal Audit Service Annual Report 2022/23) which should have referred to ORACLE Fusion.

The Director of Corporate Resources gave reassurances that the Internal Audit Service now had an adequate number of experienced staff and that recruitment from the open market had been worthwhile.

RESOLVED:

- (a) That the Internal Audit Service Annual Report for 2022-23 be noted;
- (b) That the Internal Audit Service Annual Report for 2022-23 be circulated to all members of the County Council for information.

14. Quarterly Treasury Management Update

The Committee considered a report of the Director of Corporate Resources which provided an update on the actions taken in respect of Treasury Management for the

quarter ending 31 March 2023. A copy of the report, marked 'Agenda Item 14', is filed with these minutes.

It was noted that the interest generated by treasury management activities had been greater than expected due to interest rates increasing faster than anticipated. In response to a question from a member as to whether the additional monies could be used to fund Council services it was explained that it would be set aside to help meet the funding shortfall of the Capital Programme.

In response to a question from a member as to whether recent failures of US banks could have an impact on the County Council's investments, reassurance was given that the County Council did not lend to US banks, and the European banks which it did lend to were more regulated. Whilst the recent bank failures could have some impact on global markets, the County Council did not purchase equity, it only deposited money with banks. There was always a small element of risk when lending to banks however the market was closely monitored, and reference was made to the latest credit ratings of banks before investments were made. The County Council's treasury management adviser, Link Asset Management, provided the Council with a regularly updated list of approved banks that it recommended the Council invested with, and the County Council was cautious and only deposited with the safer banks on that list.

RESOLVED:

That the quarterly treasury management report be noted.

15. Annual Treasury Management Statement 2022/23

The Committee considered a report of the Director of Corporate Resources which advised of the performance achieved in respect of the treasury management activities of the Council in 2022/23. A copy of the report, marked 'Agenda Item 15', is filed with these minutes.

RESOLVED:

- (a) That the Annual Treasury Management report for 2022/23 be noted;
- (b) That it be noted that the Annual Treasury Management report for 2022/23 will be submitted to the Cabinet for consideration at its meeting in June 2023.

16. Date of next meeting and future meetings.

RESOLVED:

That future meetings of the Committee be held on the following dates:

Friday, 22 September 2023 at 10.00am.  
Friday 17 November 2023 at 10.00am  
Friday 26 January 2023 at 2.00pm  
Friday 24 May 2023 at 2.00pm  
Friday 27 September 2023 at 10.00am  
Friday 13 December 2023 at 10.00am

17. Urgent Item - Dispensation for Non-Attendance.

The Committee considered a report of the Director of Law and Governance regarding a request from Mr. M. Mullaney CC on behalf of Mrs. L Broadley CC for a dispensation under the six-month rule in Section 85 of the Local Government Act 1972. The dispensation was being sought to allow her to continue to hold office despite her anticipated non-attendance at Council meetings. A copy of the report, marked 'Agenda Item 17', is filed with these minutes.

Members noted that Mrs Broadley CC had recently been elected as a member of Oadby and Wigston Borough Council, had attended their election count and their Annual Council meeting on 18 May 2023.

It was submitted on Mrs Broadley's behalf that due to her caring responsibilities she was unable to attend meetings during the daytime but could attend meetings in the evening.

RESOLVED:

- (a) That Mrs. L Broadley CC be granted a dispensation under Section 85 of the Local Government Act 1972 to allow her to continue to hold office until 30 September 2023.
- (b) That officers be requested to provide a further report to the Committee meeting on 22 September 2023 to enable a decision to be made on whether the dispensation for Mrs. L. Broadley CC should be extended.

(Note: Mr. G. A. Boulter CC voted against the motion.)

2.00 - 3.15 pm  
26 May 2023

CHAIRMAN