



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

AGENDA ITEM 4

CORPORATE GOVERNANCE AND FINANCE COMMITTEE

Minutes of a Meeting of the Corporate Governance and Finance Committee held in Council Chamber, The Grange, Nutholt Lane, Ely, on Monday 21 July 2014 at 4.30pm.

PRESENT

Councillor David Brown (Vice-Chairman in the Chair)
Councillor David Ambrose-Smith
Councillor Lorna Dupre
Councillor Chris Morris
Councillor Neil Morrison
Councillor James Palmer
Councillor Hamish Ross
Councillor Josh Schumann (from Minute 11 onwards)
Councillor Gareth Wilson
Councillor Andy Wright

APOLOGIES

Councillor Kevin Ellis (Chairman)

In attendance

Rob Murray – Audit Director, External Audit, Ernst and Young

John Hill – Chief Executive
Linda Grinnell – Head of Finance
Trevor Bowd – Principal Auditor
Sarah Steed – Senior Legal Assistant
Darren Hill – Business Development Manager
Tracy Couper – Principal Democratic Services Officer

3. **PUBLIC QUESTION TIME**

No questions were submitted by the members of the public.

4. **DECLARATIONS OF INTEREST**

There were no declarations of Personal or Prejudicial Interests by Members of the Committee.

5. **TERMS OF REFERENCE**

It was resolved:

That the updated Terms of Reference for the Committee tabled at the meeting be noted.

6. **MINUTES**

It was resolved:

That the minutes of the meeting of the Committee held on 15 May 2014 be confirmed as a correct record and signed by the Chairman.

7. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman made the following announcements:

Changes to Membership of the Committee

Arising from the decision made at full Council on 17 July 2014 to reflect the changes to proportionality resulting from the Soham South By-Election, Councillor Philip Read has been removed as a Member of the Committee and Councillor Hamish Ross has been appointed as a Member of the Committee.

The Chairman welcomed Councillor Ross to his first meeting of the Committee.

Additional Meeting of the Committee – Service Delivery Plans

Members will be aware that there is an item on the Agenda today at No. 14 setting out the Service Delivery Planning methodology. In that connection, I would like to advise Members that, with the agreement of the Chairman of the Committee and myself, an additional meeting of the Committee has been scheduled for Thursday 6 November 2014 with the usual commencement time of 4.30pm, to consider the draft Service Delivery Plans for this Committee. Please can you make a note of this date in your diary.

Audit Training

Members of the Committee and substitutes will have received an E-mail on Audit Training taking place at Huntingdonshire District Council Offices on Thursday 11 September 2014. It will be an all-day session, from 9.30am until 4.30pm. As Audit is a key function of this Committee, would any Members interested in attending the training please respond to Su Field by Friday 25 July 2014.

8. **EXTERNAL AUDIT ANNUAL AUDIT AND CERTIFICATION FEES LETTER**

The Committee received the External Audit Annual Audit and Certification Fees Letter for 2014/15. Rob Murray, Audit Director for the Council's External Auditors, Ernst and Young, reported that the Audit fee was fixed for a period of 5 years due to the procurement exercise but that there could be a variation due to the certification of claims and returns.

It was resolved:

That the External Audit Annual Audit and Certification Fees Letter for 2014/15 be noted.

9. **EXTERNAL AUDIT PROGRESS REPORT**

The Committee received a report from the Council's External Auditors Ernst and Young on progress with the 2013/14 audit. Rob Murray, Audit Director for the Council's External Auditors, Ernst and Young, summarised the content of the progress report. Mr Murray reported that the audit of the Council's Final Accounts for 2013/14 had commenced and was progressing well and that work was on target for completion and reporting to the September meeting of this Committee.

Councillor Palmer asked the Head of Finance if, in the light of the issues with the audit of accounts in the preceding year, she was more satisfied with the process in the current year. The Head of Finance confirmed that she was much happier and reported that 3 External Auditors had been on-site to conduct the audit and that the audit might be completed by the following week.

It was resolved:

That the External Audit progress report be noted.

10. **EXTERNAL AUDIT LOCAL GOVERNMENT SECTOR UPDATE**

The Committee received the Local Government Sector briefing from the Council's External Auditors Ernst and Young. Rob Murray, Audit Director for the Council's External Auditors, Ernst and Young, highlighted the key questions that a Council's Audit Committee should be asking itself, detailed in page 11 of the briefing.

Councillor Wilson referred to one of these questions on 'Is there scope for the Council to take advantage of further opportunities for efficiency savings resulting from joint working?' and asked if External Audit could make any specific suggestions for East Cambridgeshire. Mr Murray stated that it was not the role of External Audit to make suggestions, but he was aware that the Council was already pursuing or involved in a number of joint working ventures.

It was resolved:

That the External Audit Local Government Sector briefing be noted.

11. **ANNUAL REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT 2013/14**

The Committee considered a report (reference P42, previously circulated) containing the report on the outcome of the review of the effectiveness of Internal Audit for the financial year 2103/14.

Councillor Schumann entered the meeting at 4.40pm.

Councillor Dupre referred to the fact that there were no observations or improvement plan for the standard of 'Independence and Objectivity' which had 3 areas of non-compliance. The Principal Auditor stated that these could be provided to Members of the Committee or reported to the next meeting.

It was resolved:

That the results of the review as outlined in the submitted report be noted.

12. **INTERNAL AUDIT ANNUAL REPORT AND OPINION 2013/14**

The Committee considered a report (reference P43, previously circulated) containing the annual report on the work of Internal Audit during the financial year 2013/14.

The Principal Auditor explained a variance in planned and actual Internal Audit days in relation to Policy and Strategy Reviews for 2013/14 of 15 planned days compared to 2 actual days. The reasons for this were that other priorities resulted in an adjustment of the Plan mid-year. The two areas deferred of Anti-Fraud & Corruption Strategy and Risk Management Strategy would be brought forward to the current year. The Principal Auditor also highlighted the significant number of recommendations relating to the 3 ARP audits and explained that the reviews related to all 4 partner authorities, accounted for 150 audit days and covered 50 different areas. Councillor David Ambrose-Smith requested a list of the recommendations relating to the ARP audits in order that he could check progress in his role as a Council representative on the ARP Joint Committee.

In response to a question by Councillor Dupré on the deferred Policy and Strategy Reviews, the Principal Auditor stated that the Anti-Fraud & Corruption Strategy audit would be reported to the September meeting of this Committee and the Risk Management Strategy audit to a meeting later in the year. Councillor Dupré commented that there had been significant variations between the planned and actual days on a number of audits, e.g. Reconciliations, and suggested that it would be useful for the future to have

a 'Notes' field to give a brief explanation for these. The Principal Auditor stated that he could include a Notes field in the future. On the particular issue of the Reconciliations audit, the Principal Auditor explained that this had not been in the original Audit Plan but was included during the year.

Councillor Wilson referred to the audit of mileage and overtime claim investigation and asked if this had been brought forward from the previous year. The Principal Auditor confirmed that this was a new investigation.

It was resolved:

That the content of the Internal Audit Annual Report, attached at Appendix 1 to the submitted report, be noted.

13. **COMMUNITY RIGHT TO CHALLENGE PROTOCOL AND DELEGATIONS**

The Committee considered a report (reference P44, previously circulated) detailing proposed amendments to the Community Right to Challenge (CRtC) Protocol and the delegations associated with implementing this process, to reflect the Management and Committee restructuring.

The Senior Legal Assistant explained that the documents required revision before the next 'window' for the expressions of interest which would be between 1 September and 30 November 2014. The Senior Legal Assistant summarised the CRtC process and highlighted an amendment required to the website address relating to the Council's contract tendering pages in the CRtC Protocol.

The Chairman expressed the view that the CRtC process should involve the relevant Service Delivery Champion(s) at the earliest stage possible.

Councillor Wright highlighted the statement in section 4 on page 2 of the Protocol that the CRtC 'does not allow for the function of determining planning applications to be provided by a third party, but it would allow for the processing of the application (not the decision) to be carried out by a third party.' This meant that two or more ECDC employees could bid to undertake the processing of Planning applications, as well as 'such other person or body as may be specified by the Secretary of State by regulations'. The Senior Legal Assistant confirmed that this was the case, although the Secretary of State had not yet specified any such other person or body by regulations under the CRtC.

It was resolved:

1. That the revised Community Right to Challenge Protocol and Appendices attached to the submitted report be approved, subject to the correction of the website details on page 7 of the Protocol.
2. That the amendments to the delegations, as set out in paragraph 4 of the submitted report, be noted.

14. **CORPORATE GOVERNANCE & FINANCE HEARINGS SUB-COMMITTEE/PANEL**

The Committee considered a report (reference P45, previously circulated) regarding the reconstituting of the Hearings Sub-Committee/Panel to conduct any Hearings required into potential breaches of the Members Code of Conduct by District and Parish Councillors and to appoint Members to the Sub-Committee.

Councillor Wright commented that whilst the new Standards regime was fairly 'toothless' compared to the previous system with the only sanction now available being to censure a Member rather than the power of suspension, he acknowledged that there was a requirement to have some form of Hearings body. The Chairman stated that, as a Member of the County Council Standards body, he shared Councillor Wright's frustration at the lack of effective sanctions but agreed with the need for such a Hearings body. Councillor Wilson concurred with the above comments and expressed the hope that the Panel would not have to meet.

It was resolved:

That a Corporate Governance and Finance Hearings Sub-Committee be established, based on a Membership of 7 in accordance with the Terms of Reference attached at Appendix 1 to the submitted report, and Members be appointed to the Sub-Committee on the proportionate basis of 4 Conservative 2 Liberal Democrat and 1 Independent Members as follows:

Cllr David Ambrose-Smith
Cllr Derrick Beckett
Cllr David Brown
Cllr Kevin Ellis
Cllr Sheila Friend-Smith
Cllr Neil Morrison
Cllr Josh Schumann

15. **SERVICE DELIVERY PLANNING METHODOLOGY**

The Committee considered a report (reference P46, previously circulated) detailing the proposed format and methodology of the Council's Service Delivery Plans. The Chief Executive explained the process and timetable for implementation of the Service Delivery Plans. In the case of this Committee, the Service Delivery Plans would be submitted to the Special meeting of the Committee now arranged for 6 November 2014 and there was an expectation that Service Delivery Champions would do a joint presentation with their Service Lead of their Service Delivery Plan at the relevant Policy Committee. Members commented favourably on the Service Delivery Champion training held earlier in the day.

Councillor Dupré commented that Forward Agenda Plans were currently not available for the Policy Committees and queried if these still would not be available until after the submission of the Service Delivery Plans to the Policy Committees. The Chief Executive stated that the Forward Agenda Plans were currently being populated to reflect the work programmes for the new Policy Committees and would appear as a standing item on each Policy Committee Agenda in future.

Councillor Wilson welcomed the return to performance management and monitoring within the Council and Member involvement in this via the Policy Committees.

Councillor Palmer commended the work of Jo Brooks in preparing the Service Delivery Planning methodology, which was much clearer and easier to understand and contained defined objectives/targets. He acknowledged that there would be a hiatus in the implementation of a new system, but this process was being driven on a corporate basis by the Chief Executive and Chairs of Committees.

It was resolved:

That the format and methodology of Service Delivery Plans as stated in Appendices 1 and 2 and illustrated in Appendix 3 to the submitted report be approved.

16. **SERVICE DELIVERY CHAMPIONS**

The Committee considered a report (reference P47, previously circulated) regarding the appointment of Service Delivery Champions for the service areas covered by the Corporate Governance and Finance Committee.

Councillor Wright commented that these would be powerful new roles and it was important that Members in these roles were very careful with regard to potential conflicts of interests and to the declaring of interests.

It was resolved:

That Service Delivery Champions be appointed for service areas as follows:

Democratic Services – Cllr Christine Ambrose-Smith
Economic Development – Cllr Bill Hunt
Infrastructure – Cllr Allen Alderson
Performance Management – Cllr Lis Every
Strategic Housing – Cllr Mike Rouse
Strategic Planning – Cllr Tom Hunt

17. **GREATER CAMBRIDGE GREATER PETERBOROUGH LOCAL ENTERPRISE PARTNERSHIP**

The Committee considered a report (reference P48, previously circulated) providing an update on the Greater Cambridge, Greater Peterborough Local Enterprise Partnership (GCGP LEP) and recent funding announcements.

The Business Development Manager reported that this Council did not benefit from £21.1M of funding awarded to Greater Cambridge, Greater Peterborough Local Enterprise Partnership (GCGP LEP) which comprised £17.1 m of investment in projects from the Strategic Economic Plan and £4m major transport investment being handled by the Local Transport Board. This was due to the fact that the focus of funding in this first round was on projects that could be delivered in 2015/16. However, the Government had stated that negotiations for the next round of Growth Deals would start imminently.

The Economic Development Team had facilitated an agri-tech bid with the National Institute of Agricultural Botany (NIAB) and G's of Soham. This bid was successful and £500,000 had been awarded to NIAB to convert a former packing plant in Hasse Road Soham into a new waste commercialisation research centre. A planning application was expected to be submitted shortly for this project. In addition, the Economic Development Team had worked very closely with both Grovemere Property Ltd and James Graven and Sons Ltd on two separate bids for Loan Funding from the LEP's Growing Places Funding Round 2. These bids had also been successful and awarded £1,000,000 and £500,000 respectively which would allow 9 new starter units to be constructed on Lancaster Way Business Park and the first phase of up to 42,000 sq ft of new office space on the Littleport Eco-Business Park.

The managing Director of a local business from Sutton, Mark Read from Whizzle Ltd, also now had a place on the LEP Board.

In response to questions from Members, the Business Development Manager suggested that the Chief Executive of the GCGP LEP and Mark Read be invited to a future meeting of the Committee to give a presentation

on the work of the LEP.

It was resolved:

That the report be noted.

18. **AUDIT COMMISSION FRAUD BRIEFING 2012/13**

The Committee considered a report (reference P49, previously circulated) containing the Audit Commission's Fraud Briefing for the financial year 2012/13.

In response to questions from Members, the Principal Auditor explained the reasons for the variations in fraud detection rates across the County.

It was resolved:

That the report be noted.

19. **ANNUAL REPORTS OF REPRESENTATIVES ON OUTSIDE BODIES**

The Committee considered a report (reference P50, previously circulated) containing the Annual Reports from appointed Council representatives on the activities and manner in which funding is spent by the outside bodies within the responsibility of this Committee.

Members were informed that there were still some vacancies on Internal Drainage Boards (IDBs). In that connection, Councillor Hamish Ross was nominated to the vacancy on Middle Fen and Mere IDB and Councillor Chris Morris to the vacancy on Padnal and Waterden IDB. In addition, Councillor Wilson reported that Councillor Stevens wished to resign from Waterbeach Level IDB, as the only part of the East Cambs area within the responsibility of that IDB was Stretham, which was not in his Ward. Therefore, Councillor Bill Hunt was nominated to Waterbeach Level IDB as a Stretham Ward Councillor. In response to questions from Members, the Principal Democratic Services explained the basis for the Council's level of representation on IDBs. Councillor Palmer stated that IDBs performed an important and effective role in flood prevention and that the Council needed to maintain its level of representation on these bodies to ensure that the Council Tax payers of the District's precept was spent wisely. Councillor Ambrose-Smith asked the Head of Finance if her role as Lead Officer for IDBs was an onerous one and she confirmed that this was not the case, although she ensured that she received the accounts for each IDB every year.

With regard to the Annual Reports from appointed Council representatives, Councillor Dupre expressed concern at the minimal number of reports submitted by these representatives and queried how Members of the Committee could make a judgement regarding the

effectiveness of the organisations and the role of the representative(s) without such information. The Chairman suggested that Group Leaders should remind their representatives of the importance of submitting such reports each year. Councillor Wright acknowledged this point, but suggested that in the case of IDBs the roles and responsibilities were clearly defined, widely known and the same for each body, and therefore there would be little to report.

In the context of the discussions, the Principal Democratic Services reported that, following information from the Chairman, it had been confirmed that the LGA Rural Commission had been disbanded.

It was resolved:

1. That the Annual Reports from appointed Council representatives on the activities and manner in which funding is spent by the outside bodies within the responsibility of Finance and Governance Committee, attached at Appendix 2 to the submitted report, be noted.
2. That the following Councillors be appointed to Internal Drainage Boards (IDBs):

Vacancy on Middle Fen and Mere - Cllr Hamish Ross
Vacancy on Padnal and Waterden – Cllr Chris Morris
Waterbeach Level – Cllr Bill Hunt to replace Cllr Robert Stevens

20. **INFORMATION ITEMS**

The Committee received a report (reference P51, previously circulated) containing an information item on amounts written-off as irrecoverable.

It was resolved:

That the report be noted.

21. **EXCLUSION OF THE PUBLIC INCLUDING REPRESENTATIVES OF THE PRESS**

It was resolved:

That the public (including representatives of the press) be excluded during the consideration of the remaining items because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the items there would be disclosure to them of exempt information of Category 3, 4, and 5 of Part I Schedule 12A to the Local Government Act 1972 (as amended).

22. **INFORMATION ITEMS**

The Committee considered a report containing an information item on action taken by the Chief Executive on the grounds of urgency relating to a Legal claims settlement. Members noted that the final settlement figure had yet to be determined and would be advised to Members of the Committee.

It was resolved:

That the report be noted.

The meeting closed at 5:40pm.