

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 20th November, 2014 in Committee Suite 1,2 & 3,
Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor J Wray (Chairman)
Councillor L Brown (Vice-Chairman)

Councillors B Burkhill, S Corcoran, R Fletcher, M Hardy, M Simon, B Murphy and F Keegan.

Councillors in attendance:

Councillors K Edwards, A Moran, B Moran and P Raynes.

Officers in attendance:

Anita Bradley – Head of Legal Services
Lorraine Butcher – Executive Director of Strategic Commissioning
Dominic Oakeshott – Corporate Manager for Professional and Commercial Services
Jon Robinson – Audit Manager
Judith Tench – Head of Corporate Resources and Stewardship
Joanne Wilcox – Corporate Finance Manager
Cherry Foreman – Democratic Services Officer

External Auditors (Grant Thornton):

Allison Rhodes and Jon Roberts.

25 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors A Kolker, D Marren and L Roberts.

26 DECLARATIONS OF INTEREST

During consideration of item 5 (Bettercare Fund Update) Councillor S Corcoran declared a personal interest as his wife was GP.

In the interests of openness Councillor M Hardy declared an interest in item 10 (Payments to Directors of Council Owned Companies) by virtue of being a Trustee of the Everybody Sport and Recreation Trust although no allowance was paid.

27 PUBLIC SPEAKING TIME/OPEN SESSION

No members of the public were present.

28 MINUTES OF PREVIOUS MEETING

Minute 22 (Report on Customer Feedback) was amended to insert the word 'policy' in line 7 of the 2nd paragraph after 'green waste collection'. The Resolution was amended to read 'concerns over service provision and changes in policy'. Councillor B Moran was added to the list of Councillors in attendance.

RESOLVED

That, subject to the above amendments, the minutes of the meeting held on 25 September 2014 be approved as a correct record.

29 BETTER CARE FUND UPDATE

(During consideration of this item Councillor S Corcoran declared a personal interest.)

Consideration was given to this report which provided an update on the progress of the Cheshire East Bettercare Fund plan, and on the next stages of its delivery prior to implementation on 1 April 2015.

The Better Care Fund had been announced in June 2013 as part of the Government's spending review and it supported the acceleration of the integration of Health and Social Care services particularly in the Community. It was reported that this was not new money but was a recycling of Cheshire East finance into a mandatory pooled budget for use in providing improved, integrated health and social care, with all the professionals in a local area working together to achieve this joint aim.

The Cheshire East Health and Wellbeing Board was responsible for the oversight of the Better Care Fund plan and had approved the April 2014 plan which had subsequently been submitted to the Department of Health for review and approval. Following this, in October 2014, there had been a National Assurance Review and the Cheshire East plan had been assessed as 'approved with support' which was the next to highest category.

The Better Care Fund plan was aligned with the two respective health and social care transformation programmes: Caring Together (Eastern Cheshire CCG and Cheshire East Council) and Connecting Care (South Cheshire CCG, Vale Royal CCG, Cheshire East Council and Cheshire West and Chester Council). As part of the delivery of the Better Care Fund, options were currently being considered at a strategic level as to whether the S75 agreements were set up to reflect the respective transformation programmes; these options were due to be discussed at the forthcoming meeting of the Cheshire East Health and Wellbeing board on 18 November 2014.

The report detailed the plans for the coming months which included developing and implementing the proposed schemes and developing the S75 Agreement. In response to questions from members it was explained that these governance arrangements were not new but they were particularly complex in view of the shared budgets and due to there being two transformation programmes; it was, however, anticipated that CE would host the S75 pooled budget and that the agreement would need to be completed and approved early in 2015.

RESOLVED

1. That the submission of the revised Cheshire East Better Care Fund Plan, on 19 September 2014, be noted.
2. That it be noted that the National Consistent Assurance Review (NCAR) process carried out on behalf of the Department of Health has given

approval for the Plan to proceed with a category of *'Approved with Support'*.

3. That the work underway to progress governance, delivery and risk sharing arrangements across partners as part of the development of the S75 Partnership Agreement be noted.

30 PAYMENTS TO DIRECTORS OF COUNCIL OWNED COMPANIES

(In the interests of openness Councillor M Hardy had declared an interest in this item).

In February 2013 the Council had set out its three year plan to becoming a strategic commissioning council. To date the following Alternative Service Delivery Vehicles (ASDVs) have been established:

- Cheshire East Residents First Ltd (holding company), with the subsidiaries –
 - Engine of the North
 - ANSA Environmental Services Ltd
 - ORBITAS Bereavement Services Ltd
 - Transport Service Solutions Ltd
 - New Cheshire Planning Ltd
 - Cheshire East Energy Ltd
- Tatton Park Enterprises Ltd
- Everybody Sport and Recreation Ltd
- CoSocius Ltd

The report detailed the Council's policy on paying Directors within its owned and controlled companies and provided assurance to the Committee on its implementation.

Additional paragraphs were now added to the report as paras 9.13 and 9.14 as follows:

- 9.13 All payments will be agreed in advance by each Company Board and accepted by each Director prior to payments being made. Where practicable and economic to do so, all payments will be made directly by each company from their own bank account and via their own payroll system. Any Directors remuneration will be notified to Democratic Services and any Special Responsibility Allowances (SRAs) due to the Councillor will be reduced accordingly. Full disclosure of all Councillors' allowances, SRA, expenses and Directors remuneration will be made and published annually on the Council's website. A Director's mandate document has been prepared and all Directors will need to sign up to verify they will abide by the mandate. Remuneration will only be backdated to cover the three months prior to incorporation where there is robust evidence that significant duties (as detailed in para 9.1.7 of the report) were undertaken throughout the period.
- 9.14 Whilst payments to Directors of wholly owned companies does not come under the remit of the Local Authorities Companies Order 1995 in the interests of openness and transparency, for 2015 onwards, the

Independent Remuneration Panel will be consulted about payments to Directors and the reduction in SRAs.

Para 9.5 was amended to add the following words 'for 2014/15 onwards' to line three after the word payments.

RESOLVED

That, subject to the additions and amendment detailed above, the report and the assurance it provides in relation to payments to Company Directors, be noted.

31 EXTERNAL AUDIT ANNUAL LETTER 2013/14

Consideration was given to the Annual Audit Letter for 2013/14 which summarised the External Auditors key findings. The detailed findings had been reported to the Committee at its last meeting and this letter was intended to communicate the key messages to the Council and external stakeholders, including members of the public.

RESOLVED

That the Annual Audit Letter for 2013/14 be noted.

32 ANNUAL GOVERNANCE STATEMENT UPDATE

The Committee considered the report of the Corporate Governance Group. The report had been prepared to provide assurance that the Annual Governance Statement (AGS) was underpinned by an appropriate framework of assurance; it also gave the Committee the opportunity to monitor the implementation of actions to improve governance arrangements and to respond to emerging issues.

The report also included an update on a number of recent developments in governance, risk management and audit arrangements, and their impact on the Work Plan. An Appendix to the report detailed those governance issues that had been identified as requiring further attention and which would continue to be monitored by the Corporate Leadership Board.

RESOLVED

1. That the process for the production of the 2014/15 AGS be endorsed.
2. That progress in relation the implementation of actions to improve governance arrangements and respond to emerging issues be noted, and the changes to governance, risk management and audit arrangements and the impact on the Work Plan be noted.

33 INTERNAL AUDIT INTERIM REPORT 2014/15 AND INTERNAL AUDIT CHARTER

This interim report addressed emerging issues in respect of the whole range of areas to be covered in the Annual Report, due to be considered in June 2015. The Audit Manager introduced and explained the format of the report which included a summary of the work carried out in the year to date, issues judged to

be relevant to the Annual Governance Statement, a comparison of work planned and undertaken, comments on compliance, and other developments which, in this instance, included a review and update of the Internal Audit Charter following its initial approval in November 2013.

When it was first approved it was agreed that the Internal Audit Charter should be reviewed periodically, and at a minimum annually, by the Internal Audit Manager, presented to the Corporate Leadership Board and then submitted to the Committee for approval. This represented the final stage of that process.

RESOLVED

1. That the issues identified be noted, and the approach to achieving adequate audit coverage in the remainder of 2014/15 be endorsed.
2. That the updated Internal Audit Charter be approved.

34 COMPLIANCE WITH CONTRACT RULES OF PROCEDURE

In accordance with the requirements of the Constitution this report updated the Committee on Compliance with Contract Procedure Rules; it also provided an outline of the improvements being implemented via procurement but which also required changes to those rules.

Contract Procedure Rule E11 required that a report be made to this Committee at least every 6 months, setting out the number of non compliance instances in the previous period broken down by service, with a description of the exceptional circumstances. A table (para 10.5 of the report) gave these details.

The Committee was advised that the proposed revisions to the Contract Procedure Rules had been approved by the Constitution Committee the previous day, and would now be submitted to the next meeting of the Council for final approval.

RESOLVED

1. That the update on Compliance with Contract Procedure Rules, in the period since March 2014, be noted.
2. That the revised and updated Contract Procedure Rules, considered by the Constitution Committee on 19 November 2014, be noted and submitted to the Council on 11 December 2014, for approval.

35 MEMBERS CODE OF CONDUCT: STANDARDS PANELS AND SUB-COMMITTEE UPDATE

Consideration was given to this report which detailed the numbers and outcomes of complaints under the Code of Conduct for Members which had been considered by the Audit and Governance Initial Assessment Panel, and the Local Resolution Panel, between April and October 2014.

On 14 July 2014 the Council had approved a new process for dealing with complaints although there were some cases that had been submitted under the

Council's previous scheme and remained to be dealt with under the old procedure. The report, therefore, included details of complaints dealt with under both schemes.

At the meeting it was reported that the new procedure was working well and it was confirmed that a complainant could refer the matter on to the Local Government Ombudsman in the event of being dissatisfied with the outcome.

RESOLVED

That the report be noted.

The meeting commenced at 2.00 pm and concluded at 4.10 pm

Councillor J Wray (Chairman)