

# CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**  
held on Thursday, 24th September, 2015 at Committee Suite 1,2 & 3,  
Westfields, Middlewich Road, Sandbach CW11 1HZ

## **PRESENT**

Councillor D Marren (Vice-Chair, in the Chair)

Councillors S Corcoran, R Fletcher, A Moran, A Kolker, M Simon, G Wait and S Edgar.

## **Councillors in attendance:**

Councillors S Gardner and P Groves.

## **Officers in attendance:**

Peter Bates – Chief Operating Officer

Anita Bradley – Head of Legal Services and Monitoring Officer

Andrew North – Corporate Manager: Governance and Audit

Judith Tench – Head of Corporate Resources and Stewardship

Alex Thompson - Corporate Manager Strategy and Reporting

Jo Wilcox – Corporate Finance Manager

Cherry Foreman – Democratic Services Officer

## **14 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors C Andrew, G Baxendale, M Hardy, L Smetham and A Stott.

## **15 DECLARATIONS OF INTEREST**

With reference to various audit matters Councillors D Marren and G Wait declared personal interests by virtue of being Chairmen of Orbitas and Transport Service Solutions respectively.

## **16 PUBLIC SPEAKING TIME/OPEN SESSION**

No members of the public wished to speak at the meeting.

## **17 MINUTES OF PREVIOUS MEETING**

Consideration was given to the minutes of the meeting held on 25 June 2015. Additions to the preamble of the following minutes were agreed: -

Minute 10 (Whistleblowing Arrangements) - *'Serious concerns were expressed by Councillor S Corcoran at the effectiveness of whistleblowing arrangements and the protection afforded to those using the arrangements.'*

Minute 12 (Ombudsman Complaints) - *'The importance of following up appropriately was emphasised.'*

## **RESOLVED**

That, subject to the inclusion of the above wording, the minutes of the meeting held on 25 June 2015 be approved as a correct record.

### **18 EXTERNAL AUDIT FINDINGS REPORT 2014/15**

Grant Thornton presented the Audit Findings report on the 2014/15 Audit. An addendum was circulated at the meeting along with a copy of the representation letter from the Council to Grant Thornton which confirmed that the Group Financial Statements represented a true and fair view, in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

The report identified the key issues considered by Grant Thornton before issuing their opinion on the Councils financial statements and its arrangements for securing economy, efficiency, and effectiveness in the use of resources. The Auditors went through the report in detail and reported that the accounts had been well prepared; no adjustments had impacted on Council reserves, there were no unadjusted misstatements for Members to consider, and an unqualified opinion would be given in respect of both the accounts and value for money.

The Chief Operating Officer extended his thanks to Grant Thornton, the accounts team and the Joint Finance Steering Group for having contributed to this being a successful process.

## **RESOLVED**

That the Audit Findings report for 2014/15 be received, and that approval be given to for the Chief Operating Officer to sign the letter of representation.

### **19 2014/15 AUDIT FINDINGS AND ACTION PLAN**

Consideration was given to this report which was circulated at the meeting. Grant Thornton anticipated providing an unqualified opinion in respect of both the financial statements and the value for money conclusion based on their review of the Councils arrangements to secure economy, efficiency and effectiveness in the use of its resources.

An Appendix to the report set out two recommendations, in respect of personal declaration forms and of the IT control environment, together with the Council's proposed actions to address their recommendations and a target date for implementation.

## **RESOLVED**

That the management responses and action plan be endorsed.

### **20 AUDITED STATEMENT OF ACCOUNTS 2014/15**

Consideration was given to the 2014/15 Statement of Accounts, including the first group accounts produced for the Council. The report provided information on the financial assets and transactions of the Group, now a complex organisation, providing approximately 500 different services to over 370,000 residents, with an annual value in excess of £750 m.

At its meeting on 25 June the Committee had received a report setting out the key elements of the council's pre-audit Statement of Accounts for 2014/15, the external audit of which was now largely complete, and for which an unqualified opinion was anticipated although a little more work remained to be done.

The report detailed amendments to the accounts and the figures that had changed as a result, a group movement in reserves statement, and group balance sheet. It was reported that the final version of the Statement of Accounts would be published on the Cheshire East website before the statutory deadline of 30 September 2015.

#### **RESOLVED**

1. That the report be received and the changes to the draft accounts be noted in accordance with the Audit Findings Report.
2. That the Committee authorise the Chairman of the Audit and Governance Committee to sign off the final accounts on completion of the audit process on its behalf, in consultation with the Chief Operating Officer.

#### **21 TREASURY MANAGEMENT ANNUAL REPORT 2014/15**

Consideration was given to this report which was due to be considered by the Cabinet at its meeting on 29 September. Regular update reports had been provided to the Cabinet during the year and this annual report took the position to that at 31 March 2015. Information included related to the management of the local authority's investments, cash flows, banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance associated with those risks.

In response to questions from Members it was agreed that they be provided with further details of the Council's investment returns. It was reported that performance would continue to be monitored through the benchmarking service provided by the Council's Treasury Management Advisors, Arlingclose; in response to a request by the Committee it was confirmed that they would be invited to attend a future meeting of the Committee.

#### **RESOLVED**

1. That the Treasury Management annual Report for 2014/15, shown in Appendix A of the report, be noted.
2. That the Council's Treasury Management Advisors, Arlingclose, be invited to attend a future meeting of the Committee.

#### **22 ANNUAL GOVERNANCE STATEMENT 2014/15**

At its meeting on 25 June the Committee had considered the draft Annual Governance Statement (AGS) which had now been amended to take into account feedback received at that meeting and subsequently from Members, Officers and the External Auditors. In addition the action plan had been updated to be as current as possible. The AGS would accompany the Statement of Accounts and be published on the Council's website.

The purpose of the AGS process was to provide a continuous review of the organisations governance arrangements so as to give assurance on the effectiveness of the process and/or address identified weaknesses in order to support the continuous improvement of the authority.

It was reported that no significant governance issues had been identified. The report summarised the small number of governance issues first raised in 2013/14, those identified in the current period that required further attention, and emerging issues which required further attention to ensure they did not become significant in the future such as public sector reform and information governance.

#### **RESOLVED**

That approval be given to the Annual Governance Statement 2014/15.

### **23 REPORT ON CUSTOMER FEEDBACK - COMPLAINTS, COMPLIMENTS AND THE LOCAL OMBUDSMAN**

Consideration was given to this report which summarised the formal feedback received from customers during 2014/15, together with a summary of the cases dealt with by the Local Government Ombudsman (LGO). Such feedback from customers was welcomed and was used as a method of driving service improvements.

Details were given of the number of complaints received which had reduced by 35% from the previous year although it was noted that 34% of the reduction related to complaints about changes to green waste collections in autumn 2013. The number of recorded compliments had increased from 1140 to 1346, with 50% of these being related to Adult Social Care. In addition 181 suggestions had also been received. It was considered that these figures provided a good level of assurance on the performance of the Council.

With regard to complaints all customers were offered the opportunity to appeal to the LGO and the report included details on the decision notices issued to the Council. Comparisons with other authorities were given and it was shown that Cheshire East Council performs favourably with authorities in terms of the number of complaints received in relation to the large size of its population.

A discussion ensued on the increase in complaints in Development Management, some of the reasons for which were reported, and it was suggested that this could be considered further by one of the Member/Officer Work Groups.

#### **RESOLVED**

That the report be noted and that increase in complaints associated with Development Management be considered further by the relevant Member/Officer Work Group.

### **24 MEMBERS CODE OF CONDUCT STANDARDS REPORT**

The Committee was advised of the number of complaints received under the Code of Conduct for Members which had been considered by the Monitoring Officer and the Independent Person, and of the outcome, for the period from 1 March 2015 to the end of August. The promotion of high standards of conduct, and of strong ethical governance among elected members, co-opted Members,

and Town and Parish Council Members within the Borough, was critical to the corporate governance of the authority and to the Council's decision making process across the organisation.

The report detailed the number of complaints received in respect of each paragraph of the code and compared the number of complaints made against Cheshire East Councillors with those against Town and Parish Councillors; it was requested that consideration be given as to how the time taken and cost of dealing with these complaints could be quantified.

## **RESOLVED**

That the report be noted.

## **25 REVIEW OF STANDARDS ARRANGEMENTS FOR DEALING WITH CODE OF CONDUCT COMPLAINTS**

At its meeting on 17 July 2014 the Council approved procedures to be followed when considering a complaint that an elected member of the Council, or of a town or parish council within its area, had failed to comply with the Council's Member Code of Conduct. Following twelve months of operation a review of the process had been carried out which showed there had been a significant increase in the speed with which complaints had been considered; the backlog of cases which existed in the previous year had been cleared and current complaints were being dealt with more efficiently and effectively.

The report set out proposals to further improve the efficiency of the process and add clarification where it was needed, the aim of which was to help people who make complaints and to encourage openness and transparency.

The report considered the two main documents used in the standards process, these being "How to make a complaint", which had not been part of the decisions made in 2014, and "Overview for considering complaints that members have breached the code of conduct" which had been adopted at that time.

## **RESOLVED**

That it be recommended to Council:

1. That the proposed revised arrangements for dealing with complaints about members who are alleged to have breached their Council's code of conduct for members be approved.
2. That the plain English version of the guidance "How to make a complaint" at Appendix 3 of this report replace the current version of that guidance on the council website.
3. That the amended complaint form set out at Appendix 2 of the report be adopted.
4. That the amended overview document and the amended hearing procedure, set out at Appendices 4 and 5 respectively, be adopted.

## **26 APPOINTMENT OF INDEPENDENT PERSONS UNDER THE LOCALISM ACT 2011**

The Committee was asked to approve a procedure for the recruitment of Independent Persons to Cheshire East Council. The Localism Act required that one or more Independent Persons be appointed to the Audit and Governance Committee and that their views be taken into account by the Authority when considering Code of Conduct complaints. The Council also had to make the same provision for Independent Persons to sit on any Committee/Panel that dealt with the potential dismissal of the Head of Paid Service, the Chief Financial Officer and the Monitoring Officer; it was anticipated that at least three individuals should be appointed to the role.

The report included a copy of the proposed application form and Members asked questions concerning membership of a political party, whether or not a reference from a Member of the Council should be allowable, and also concerning criminal/spent convictions. It was agreed that these points be investigated further and amended where possible bearing in mind the need to remain compliant with guidance.

### **RESOLVED**

1. That, subject to further consideration and any resulting amendment arising from that of the above mentioned points, the proposed recruitment process outlined in the report for the appointment of Independent Persons to Cheshire East Council be approved.
2. That the Head of Legal Services and Monitoring Officer, submit a report to Council on 17 December 2015, setting out the names of the nominated candidates to the posts for approval.

## **27 COMMITTEE WORK PROGRAMME**

Consideration was given to the Work Plan for the Committee for the remainder of the 2015/16 financial year.

The Committee asked for the following matters to be added: -

- Cheshire East Council email retention and archiving policy
- Ombudsman Complaints and how to disseminate what can be learnt from complaints upheld
- Work Programme for Member/Officer Work Groups
- Feedback to the Audit and Governance Committee from the Member/Officer Work Groups

### **RESOLVED**

That, subject to the inclusion of the above matters, the Work Plan be approved.

## **28 JUDITH TENCH**

The thanks and appreciation and good wishes of Members and Officers was extended to Judith Tench as she was leaving the Authority. She had attended every meeting of the Audit and Governance Committee, since the inception of

Cheshire East in 2009, firstly as an external auditor and latterly as Head of Corporate Resources and Stewardship.

The meeting commenced at 2.00 pm and concluded at 4.55 pm

Councillor D Marren (Vice-Chair, in the Chair)