

CORPORATE GOVERNANCE COMMITTEE

10 JULY 2012 - 2.30PM



PRESENT: Councillor Mrs Newell (Chairman), Councillor Cornwell (Vice-Chairman), Councillors Cotterell, Mayor, Murphy (Observing)(until 4.10pm), Oliver and Sutton.

APOLOGIES: Councillors Archer, Butcher and King

OFFICERS IN ATTENDANCE: Jane Bailey (Member Services), Rob Bridge (Corporate Director (Finance)), Alvin Harrison (Insurance and Procurement Manager), Ian Hunt (Chief Solicitor) (Until 2.50pm), Alan Pain (Corporate Director and Monitoring Officer), Carol Pilson (Corporate Director), Mark Saunders (Chief Accountant) and Jonathan Tully (Internal Audit Manager)

ALSO IN ATTENDANCE: Ciaran McLaughlin from PricewaterhouseCoopers the Council's external auditors

CGC1/12 PREVIOUS MINUTES

The minutes of the meeting of 24 April 2012 were agreed and signed.

*** FOR INFORMATION OF THE COUNCIL ***

CGC2/12 INTERNAL AUDIT OUTTURN REPORT 2011/2012

Members considered the Internal Audit Outturn Report 2011/12 presented by Jonathan Tully.

Members asked questions, made comments and received responses as follows:

- Councillor Cotterell stated that the report makes reference to the fact that the Internal Audit Service has achieved 97% of the planned reviews, and asked which 3% were not audited. Jonathan Tully stated that Licensing were not looked at during this period as they were in the process of changing the financial system that they used, however, this service area will be picked up in the next audit plan.

The Corporate Governance Committee noted the outturn of Internal Audit for 2011/12 and the Internal Audit Managers opinion on the "adequacy" of Internal Control.

CGC3/12 REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT

Members considered the Review of Effectiveness of the System of Internal Audit presented by Carol Pilson. Members were informed that the review has identified no areas of partial compliance and no areas of non compliance. Overall the review has demonstrated satisfactory standards of compliance, and it is pleasing to note that there is no need for an action plan this year.

Members asked questions, made comments and received responses as follows:

- Councillor Cotterell offered his congratulations to the staff involved, stating that it is pleasing and reassuring to see that no action plan is required this year;
- Councillor Mrs Newell agreed and thanked the officers involved.

The Corporate Governance Committee noted the findings of the Review of Effectiveness of the System of Internal Audit

CGC4/12 ANNUAL GOVERNANCE STATEMENT 2011/2012

Members considered the Corporate Governance Statement 2011/12 presented by Jonathan Tully.

Rob Bridge stated that this Statement has been signed by the Leader, Chief Finance Officer and Chief Executive, however if there are changes we may need to update the document and bring it back to this Committee with the changes, and resign it as part of the accounts process.

Members asked questions, made comments and received responses as follows:

- Councillor Mayor stated that with reference to the Localism Act 2011, what difference has this made to this process. Rob Bridge stated that an important change has been the introduction of the senior management pay policy, this was adopted at full Council on 1 March 2012;
- Councillor Cotterell asked what the proposals regarding public audit will mean to Fenland. Rob Bridge stated that the proposals will have very little effect on us in the short term, as it is likely that PWC will continue to be our external auditors for the next five years;
- Councillor Cotterell asked if this statement includes pensions. Rob Bridge stated that it does not;
- Councillor Cotterell stated that the font size of the Assurance Map is very small and unclear. Rob Bridge confirmed that he would arrange for A3 copies to be printed for all members of the Committee; **ACTION: ROB BRIDGE**
- Councillor Sutton stated that referring to the Governance issues and action plan, point 3, summary of action, the words 'to ensure' should be added to the first part of the sentence so that it reads - The Corporate Management Team will continue to ensure;
- Councillor Mayor stated that FDC have been very happy working with PWC, and have built up a good working relationship.

The Corporate Governance Committee approved the content of the Corporate Governance Statement 2011/12 and approved its content for inclusion in the Council's published statement of accounts

CGC5/12 STATEMENT OF ACCOUNTS 2011/2012

Members considered the Statement of Accounts 2011/2012 presented by Mark Saunders.

Members asked questions, made comments and received responses as follows:

- Councillor Cotterell stated that members feel that they received the papers very late, it is a large document with a lot of information. Rob Bridge explained that Mark Saunders will take the committee through the report very thoroughly;
- Councillor Cotterell stated that the report was a very good report and was extremely detailed;

- Councillor Mayor stated that the pension contribution is currently 19.2%, and this figure has been increasing by approximately 2% per year over the last few years. He asked if there was an upper limit, and if so what the upper limit is set at. Rob Bridge stated that the Government have considered capping the amount that employers pay at 25%. It was agreed with the Leader (when they were Finance Portfolio Holder) not to increase the 19.2%, and to look at this again in 3 years time at the next triennial valuation. There are a new set of rules and regulations which are going through the union's consultation process at the moment; this will result in pensions worked out at a career average and not the final salary. The average pension that people in the public sector have are not that high;
 - Councillor Mayor asked if FDC is in the Cambridgeshire Pension Scheme, and how does this work. Rob Bridge confirmed that FDC are part of the Cambridgeshire Pension Fund and this is now part of Cambridgeshire shared services, but they do not invest as a total. Everybody is paying a percentage that is correct for them and each year we receive a report for Fenland, as they know what our individual position is. All the money is invested but because of the financial position the world is in at the moment it is not making a lot of money;
 - Councillor Mayor asked if the Pensions Committee are doing a good job. Rob Bridge stated that the Pensions Committee meet quarterly, they work hard and are not afraid to remove the investment managers that are not delivering. There are questions and discussions taking place at the moment about investments in the tobacco industry;
 - Councillor Cotterell stated that Cambridgeshire Pensions are one of the best pensions schemes in the country;
 - Councillor Cotterell stated we have paid some of the money made from the sale of land to the Government. Mark Saunders stated this is from the sale of the transfer of housing stock, last year the amount paid was approximately £2000;
 - Councillor Cotterell asked for clarity on 'soft loans'. Mark Saunders stated that these are zero interest loans that are given to people to improve their property, the principal is that the loan would be repaid following the sale of the property;
 - Councillor Mrs Newell asked if FDC still offer soft loans. Mark Saunders confirmed that these are no longer available;
 - Councillor Cotterell asked if things do not go well for the owner with a soft loan, how do we get the money back. Mark Saunders stated that a charge would be made on the property;
 - Councillor Cotterell asked why there is such a difference in the figures for 2011/12 and 2010/11 for rental income from investment property. Mark Saunders stated that these figures include the income from 95 Money Bank when it was leased. This property has now been sold so there is no longer any income from it;
 - Councillor Cotterell asked about the difference in the figures for debtors detailed in point 17 and point 19 of the report. Mark Saunders stated that we have removed any debts that are local government debts, but agreed to provide more details to the Committee; **ACTION:**
- MARK SAUNDERS**
- Councillor Cotterell stated that with reference to the Remuneration Bands is it correct that we have paid someone in the price bracket of £385,000 - 389,000? Rob Bridge confirmed that a previous Chief Executive was paid compensation for loss of office as part of a wider efficiency reduction and that this was agreed by Staff Committee;
 - Councillor Cornwell stated that the Collection Fund includes figures for Town and Parish Councils, and asked if the deficit figure includes Town and Parish Councils too. Rob Bridge stated that this Town and Parish Council deficit amount is absorbed by the Council;
 - Councillor Sutton stated that as the collection authority there is a cost to us in officer time and asked if we charge the other authorities a small proportion of that cost. Rob Bridge stated that we are the collection authority and are able to charge for certain things, there are very strict guidelines to follow;

- Councillor Cotterell stated that previously we have short training and information sessions before a meeting, and suggested that these would be useful again. Rob Bridge stated that in the past we have had a number of training sessions, and agreed to look at a programme over the next 12 months to offer training sessions on subjects that the members will find informative before a meeting. He suggested that members could also feed into this programme if they feel that there is a particular area they would like some training on;
- Rob Bridge thanked Mark Saunders and his team, stating that they have done a great job on a very important document.
- Councillor Mrs Newell also thanked the FDC officers for the work involved in producing this document, and for attending and answering the Committee's questions today.

The Corporate Governance Committee noted the Draft Statement of Accounts for the financial year ended 31 March 2012.

CGC6/12 CORPORATE GOVERNANCE COMMITTEE ANNUAL REPORT

Members considered the Corporate Governance Committee Annual Report presented by Rob Bridge.

The Corporate Governance Committee agreed that the Corporate Governance Committee Annual Report for 2011/12 be forwarded to Full Council.

CGC7/12 TREASURY MANAGEMENT ANNUAL REPORT

Members considered the Treasury Management Annual Report 2011/12 presented by Rob Bridge.

Members asked questions, made comments and received responses as follows:

- Councillor Mayor stated that previously the Committee would receive a list of approved banks. Rob Bridge stated that the list is very limited now, and FDC continue to be very careful and cautious, he agreed to bring the list to the next meeting for members. **ACTION: ROB BRIDGE**

The Corporate Governance Committee noted the Treasury Management Annual Report 2011/12.

CGC8/12 REVIEW OF CODE OF PROCUREMENT

Members considered an updated Procurement Strategy and Code of Procurement as recommended by the Overview and Scrutiny Panel following their meeting on 2 July 2012.

Members asked questions, made comments and received responses as follows:

- Councillor Mayor asked if Source Cambridgeshire replaces Eastern Shires Purchasing Organisation (ESPO). Rob Bridge stated that it does not replace ESPO. Source Cambridgeshire allows companies who want to tender to look to see what local authorities want at that time; it also gives local authorities the opportunity to join together with procurement projects.

The Corporate Governance Committee agreed the updated Procurement Strategy and Code of Procurement.

CGC9/12 ITEMS OF TOPICAL INTEREST

Rob Bridge updated the Committee on Items of Topical Interest as follows:

1. Future of Public Sector Audit

We are awaiting confirmation that PWC will continue as our external auditors for the next five years. The Chief Executive and Chief Finance Officer have been written to, and given the opportunity to challenge this appointment, but have no intentions to challenge.

2. Localism of Business Rates

From April 2013 Government plans to give Councils control of Business Rates, this will have an impact on local people. There is a possibility of pooling business rates with Cambridgeshire, this would have potential benefits to the whole of Cambridgeshire, and we have expressed an interest to say that we will be part of that pool. A report will go to Cabinet on 26 July with a proposed scheme before we go to consultation. This Committee will be kept updated on this process.

Councillor Mrs Newell thanked the FDC officers and PWC for their help and advice today.

4.25pm

Chairman