

CORPORATE GOVERNANCE COMMITTEE

TUESDAY, 19 MARCH 2019 - 2.30 PM



PRESENT: Councillor J Clark (Chairman), Councillor G Booth, Councillor R Butcher, Councillor D Hodgson and Councillor P Murphy

APOLOGIES: Councillor Mrs F Newell (Vice-Chairman) and Councillor Mrs J French

OFFICERS IN ATTENDANCE: Peter Catchpole (Corporate Director and Chief Finance Officer), Kathy Woodward (Internal Audit Manager) and Izzi Hurst (Member Services & Governance Officer)

CGC29/18 PREVIOUS MINUTES.

The minutes of the meeting 5 February 2019 were confirmed and signed.

Councillor Booth gave his apologies for the previous meeting.

Councillor Clark welcomed Peter Catchpole to his first meeting of the Corporate Governance Committee.

CGC30/18 RISK BASED INTERNAL AUDIT PLAN 2019/20.

Members considered the Risk based Internal Audit Plan 2019/20 report, presented by Kathy Woodward.

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

1. Councillor Clark asked if the Internal Audit Team is based at Fenland Hall. Kathy Woodward confirmed that it is based at Fenland Hall and she operates as a Shared Service officer with the Borough Council of Kings Lynn and West Norfolk. The work is completely separate between both councils.
2. Councillor Clark highlighted that one of the Council's Corporate Directors will be leaving in the coming months and asked Kathy Woodward if she had any concerns over this from a risk based audit perspective. Kathy Woodward confirmed that from an audit perspective, she has no concerns. She explained that her focus is primarily on the effectiveness of the Council's systems and as this is usually dealt with by Service Managers, she cannot see a risk in this. She added that Service Managers currently reporting to this Corporate Director will be reallocated to another member of the Corporate Management Team.
3. Councillor Booth highlighted that Leisure Services falls under the remit of this Corporate Director and asked if resources are in place to monitor the new contract with Freedom Leisure adequately. Kathy Woodward explained that the Freedom Leisure contract is managed by a dedicated Contracts Manager who reports directly to the Head of Leisure Services. She added that the Head of Leisure Services will report into another member of the Corporate Management Team and if she believes there to be any issues with the reallocation of service areas, she will raise this.
4. Councillor Clark stated that if the Council look to recruit a new Corporate Director this may take in excess of three months.

5. Councillor Murphy explained that the Contracts Manager is responsible for the monitoring of both the Freedom Leisure contract and the Tivoli Contract.
6. Peter Catchpole confirmed that the Corporate Management Team will reassess the management structure if necessary and highlighted that the current operational reporting structure works very well.
7. Councillor Booth suggested that additional audits are carried out in relation to the Freedom Leisure contract as it is still in its infancy and contracts usually face the most issues within their first year. He asked if an audit could be carried out on a six monthly basis. Kathy Woodward explained that as the contract is new, the amount of days allocated to it is flexible. She confirmed that if further work was required, the Internal Audit Team have contingency days that could be allocated to this.
8. Councillor Murphy explained that due to the size of Freedom Leisure, there should be little concern regarding the management of their contract with the Council.
9. Councillor Booth asked if days allocated to the Traveller Sites audit (Appendix A of the Agenda Pack) should be reallocated to the Freedom Leisure Centre contract. Councillor Clark reiterated that Kathy Woodward has agreed to reallocate contingency days to this area if necessary.
10. Councillor Hodgson stated that the low risk rating given to Sports Development (Appendix A of the Agenda Pack) may be impacted by the closure of the Wisbech Indoor Bowls Club. He added that the Council are working hard to find a solution to this ongoing issue.
11. Councillor Clark reminded members that the closure of the Indoor Bowls Club was included in the original specification submitted by Freedom Leisure as part of the tender process.
12. Councillor Booth challenged the medium risk rating given to the monitoring of the Freedom Leisure contract and suggested that as this is a new contract, there may be an increased risk.
13. Peter Catchpole explained that the Freedom Leisure contract is subject to Key Performance Indicators (KPIs) and a Service Level Agreement (SLA). He added that the Contracts Manager regularly attends project meetings, monitors the KPIs and works closely with Freedom Leisure to ensure there are no issues. He confirmed that, if following the Council's initial audit, there are any concerns the days allocated can be reconsidered.
14. Kathy Woodward reminded members that the Risk based Internal Audit Plan is used only as a guideline and if issues arise in any audit areas, days can be reallocated and areas reprioritised. She confirmed that any amendments to this will be brought back to the Corporate Governance Committee to provide assurance to members.
15. Councillor Butcher asked which areas are audited in relation to Sport Development. Kathy Woodward explained that this includes support and grants that are provided to schools in relation to Sport Development.
16. Councillor Butcher asked why Sport Development is considered a low risk area. Kathy Woodward confirmed that this is based on the number of transactions, the complexity of these transactions and the low level of funding this area generates.
17. Councillor Hodgson stated that in relation to the Housing Options audit (Appendix A of the Agenda Pack) he had attended the Overview and Scrutiny Panel meeting on 18 March 2019 and wanted to offer thanks to Clarion for their hard work in this service area.
18. Councillor Booth asked if any audit work has been undertaken on the Council's new street lighting contract. Kathy Woodward confirmed that this work is ongoing at present and members will be provided with an update on this at the next meeting.
19. Councillor Booth asked if the Internal Audit Team contact the Parish Councils for their feedback on the new street lighting contract. Kathy Woodward confirmed that this is outside the remit of the Internal Audit Team.
20. Councillor Booth suggested that Parish Councils are contacted for their opinion on the street lighting contract. Councillor Clark highlighted that if the Parish Councils had any concerns, there are reporting mechanisms in place to deal with this.
21. Councillor Booth agreed but explained by carrying out a consultation, this would enable the Council to measure the success and delivery of the service to the Parish Councils and to ensure the contractors are carrying out repairs as per the SLA. Councillor Clark highlighted

that this would create additional work for the Internal Audit Team and there is already a reporting mechanism in place.

Councillor Clark thanked Kathy Woodward.

The Corporate Governance Committee considered and noted the Internal Audit Plan for 2019/20.

CGC31/18 FACT - UPDATE ON PROGRESS.

Members considered the FACT – Update on progress report, presented by Kathy Woodward.

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

1. Councillor Clark asked if there is member involvement in relation to the development of the Service Level Agreement (SLA) between the Council and FACT. Kathy Woodward confirmed that the development of an SLA is an officer derived process and added that concessionary fares will be considered as part of the future Transformation and Efficiency Plan (TEP), which will replace the previous Comprehensive Spending Review.
2. Councillor Clark asked if members will approve the SLA and highlighted the importance of member involvement in these areas. Kathy Woodward explained that the original policy, approved by Full Council, included the creation of an SLA between the Council and FACT. Future development of this SLA is an extension of the original policy and is undertaken by officers.
3. Councillor Clark stated that members are currently unaware of the proposals which are being considered under the TEP. Peter Catchpole clarified that the development of the TEP is in its infancy and at the moment officers are only collating ideas and proposals to present to members post elections. He confirmed that once the initial proposals are collated, members will be involved in its future development.
4. Councillor Booth explained that members direct policy however it is the officers' responsibility to develop the SLA as per the policy approved by Full Council. He added that if there is an issue with this, the policy may need to be reconsidered by members.
5. Councillor Booth asked if the Council will get assurance from FACT in relation to the concerns reported in the Press regarding the division in income of their not-for-profit account and commercial account. Kathy Woodward confirmed that the Council have requested this information from FACT and are awaiting their response. She added that the accounts will be for 2019/20 and not the previous years.
6. Councillor Booth asked if the Council are liaising with Cambridgeshire County Council in relation to their investigation into FACT. Kathy Woodward confirmed that the Council's Transport Manager is liaising with Cambridgeshire County Council however both Councils have different business models with FACT and therefore separate concerns and recommendations.
7. Councillor Clark thanked Kathy Woodward for her work on this report. He explained that the Corporate Governance Committee had recommended an investigation into FACT to provide assurance for the Council that any money provided to FACT was being processed correctly. He stated that there are still concerns relating to the transparency of FACT.
8. Councillor Butcher explained that as a Board Member of FACT, he can confirm that a lot of work has been undertaken within the organisation. He believed it had been confirmed that any subsidy received from the Council in relation to concessionary fares had been processed correctly by FACT. He added that the Council do not hold any commercial contracts with FACT like Cambridgeshire County Council do.
9. Councillor Booth asked if the Council's SLA with FACT includes a provision to access their financial information as members would like assurance that the not-for-profit and commercial accounts are administered correctly. Kathy Woodward confirmed that the Council do have the right to access FACT's accounts as per the SLA.

10. Councillor Butcher explained that whilst it will take time to implement new procedures, the Board at FACT has changed dramatically and the organisation also has new auditors.
11. Kathy Woodward highlighted that the Council do not provide FACT with grants; they provide a subsidy to reimburse users of FACT's Dial-A-Ride service for a 'fare foregone'. She confirmed to members that she was happy with the progress of the recommendations.

(Councillor Butcher declared an interest by virtue of the fact that he is a board member of FACT)

The Corporate Governance Committee considered the progress made to date.

CGC32/18 UPDATE ON THE REQUEST MADE BY THE CORPORATE GOVERNANCE COMMITTEE TO THE CHAIRMAN OF THE OVERVIEW AND SCRUTINY PANEL.

Members were provided with an update on the findings and recommendations made by the Economic Development Member-Led Review Group, presented by Peter Catchpole.

Peter Catchpole confirmed that following the Overview and Scrutiny Panel meeting on 18 March 2019, there were some slight amendments to be incorporated in the final report. The amended report will be approved by the Overview and Scrutiny Panel before being considered by Cabinet in April 2019.

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

1. Councillor Booth explained that as a member of the Economic Development Review Group and the Overview and Scrutiny Panel, a decision will be made on the service post elections. He explained that the Review Group came to the following conclusion in relation to the trading accounts of the service areas in question;
 - a. The Council are going to reassess the service recharges associated to these services and take a more commercial view of the accounts.
 - b. The Markets are operating at a deficit and the new administration will need to consider this service area further.
 - c. The issue surrounding the Port does not relate so much to income generated by this service but rather the capital costs required to maintain the structures.
 - d. There were discussions surrounding the business centres and whether they are successfully acting as incubator units to local businesses. He added that the Review Group concluded that Fenland has a distinct lack of 'move on' premises for growing businesses.
2. Councillor Hodgson asked if the findings should be sent to the Cambridgeshire and Peterborough Combined Authority's (CPCA) Overview and Scrutiny Panel. Izzi Hurst explained that one of the Review Group's findings was that the Council should look at aligning with the CPCA in relation to their prospective Growth Service.
3. Councillor Booth agreed and added that the CPCA's proposal in relation to their Growth Service is still in its infancy at the moment.
4. Councillor Booth discussed the current Market Town studies and explained that these studies will not consider the viability of markets but rather the viability of Market Towns in general.
5. Councillor Clark thanked Councillor Booth and Councillor Sutton for raising their concerns in relation to the trading accounts of these service areas which has ultimately led to the Economic Development review being undertaken.
6. Councillor Clark thanked members of the Economic Development Review Group for their input and work in relation to this review.

Councillor Clark thanked members of the Corporate Governance Committee for their work during

this municipal year and said he had found his role as Chairman very interesting. He highlighted the successes of the Corporate Governance Committee over the previous year.

Councillor Booth thanked Councillor Tanfield and Councillor Sutton for their work during their time as members of the Corporate Governance Committee.

3.29 pm

Chairman