

CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting of the Corporate Governance Committee held in the Conference Room, Caledfryn, Smithfield Road, Denbigh on Wednesday, 16th January 2008 at 9.30 a.m.

PRESENT

Councillors J. Butterfield (Chair), M.LI. Davies, C.L. Hughes, G.A. Jones and R. LI. Williams

Observers: Councillors R.E. Barton, G.C. Evans, N. Hugh-Jones, M.M. Jones and G.O. Rowlands (Lead Cabinet Member for Regeneration and Housing)

ALSO PRESENT

Corporate Director Resources, County Clerk, Head of Internal Audit Services, Head of Development Services, Principal Asset Manager (D. Lorey), Corporate Policy Officer for Performance (N. Gribben), Senior Secondary Education Officer – Secondary (J. Molloy) and Administration Officer (K.E. Jones).

650 URGENT MATTERS

There were no urgent matters for consideration by the committee.

651 MINUTES

The minutes of the Corporate Governance Committee meeting held on 4th December 2007 (previously circulated) were submitted.

Matters Arising – Page 3 – Item No. 4 Progress Report on Compliance with legal requirements, financial regulations and internal procedures – The Head of Internal Audit Services referred to the software packages currently being evaluated to contain the Council's policies and raise staff awareness and advised that Social Services had volunteered themselves to pilot that initiative.

RESOLVED that the minutes of the Corporate Governance Committee meeting held on 4th December 2007 be received and approved as a correct record.

652 MONITORING THE OUTCOMES OF THE REGULATORY PLAN

The Corporate Policy Officer for Performance submitted a report (previously circulated) seeking members' review of progress being made against external audit recommendations. Progress against the 2006/07 Regulatory Plan (Appendix 1); 2005/06 Regulatory Plan (Appendix 2), and progress against the recommendations arising from audit and inspection from previous Regulatory Plans (Appendix 3) had been attached to the report.

Members were reminded that the Regulatory Plan was based on a Joint Risk Assessment and agreed between the Wales Audit Office (WAO) and the Authority and detailed the external inspections and audits to be carried out for the subsequent year. The Corporate Policy Officer provided a brief overview of the progress made since the last report in October 2007 and particularly drew members' attention to the WAO's follow-up reviews in respect of Procurement; Environmental Health and Trading Standards, and Waste Management. In addition to assessing progress the review would also focus on the systems the Council had in place for ensuring progress was made against all recommendations. The result of that work would be presented to a future meeting of this committee. The Chair felt that the results of the three follow up reviews should also be considered by the relevant scrutiny committees for the subject areas. Finally reference in the report was made to the Relationship Manager's Annual Letter which would be presented to Council on 22nd January. In response to a question from the Chair, the Corporate Policy Officer

advised that the follow up reviews would not be included within the Annual Letter which summarised completed audit work.

The committee considered the report and progress made against external audit recommendations and raised the following issues:-

Appendix 1 – 2006/07 Regulatory Plan

Leisure Services review and follow up – The Chair asked for an update on this matter and the Corporate Policy Officer confirmed that Phase 1 had been completed and would inform Phase 2 of the process. In response to further questions the Corporate Policy Officer agreed to circulate the outcomes of Phase 1 to the committee.

Appendix 2 – 2005/06 Regulatory Plan

Efficiency Focus Utilities – The committee stressed that energy management was an important issue and the Chair queried whether there was any merit in appointing a Champion in this regard. Councillor G.O. Rowlands (Lead Cabinet Member for Regeneration and Housing) advised that this issue formed part of his portfolio and he reported that, at their meeting yesterday, Cabinet had approved a partnership arrangement with the Carbon Trust and a commitment to reduce the Council's Carbon Footprint by 60% over the next ten years. The specific aim of the project was to reduce carbon emissions and energy costs. Councillor R. LI. Williams referred to the Carbon Management Strategy and the lack of reference to the Council's vehicle fleet which produced major emissions. He queried whether a review had been carried out on the size and type of fleet vehicles to ensure efficiencies. The County Clerk confirmed that the Environment Scrutiny Committee had explored the use of bio fuels and plant management as part of their work. The Chair felt that this was an area of concern and asked that an update on the Council's vehicle fleet in terms of energy efficiency matters be circulated to the committee. The Corporate Director Resources referred to the ongoing work in securing energy efficiencies and advised that the Capital Strategy Group were considering a bid for capital resources for energy conservation works that lead to reduced energy consumption. Councillor M.LI. Davies raised some concerns that the latest up to date information had not been included within today's report and officers advised that the report had been compiled a few weeks previously and much of the information verbally reported had not been available at that time. The Corporate Policy Officer confirmed that she could provide an updated report to members on the latest position.

Estyn Inspection of Young People's Partnership Provision – Councillor M.LI. Davies queried the outstanding number of recommendations arising from this report. The Corporate Policy Officer confirmed that an action plan had been agreed with Estyn to progress the recommendations which were currently ongoing and a follow up review would be carried out to measure progress. There were also plans to integrate the monitoring of the recommendations of this report with the LEA Estyn Action Plan.

Appendix 3 – Previous Regulatory Work

Information Management Agenda and the FOI Act – The Corporate Policy Officer confirmed that particular work could not be carried out due to lack of resources. The County Clerk responded to members' questions regarding progress with various audit recommendations and highlighted the need for an electronic management system of all information which was a huge task. Some pilot work had been undertaken in areas such as Revenues and Benefits. The lack of available resources to progress recommendations was largely due to competing priorities with other areas.

Sustainable Development Improvement Study – The Chair queried whether the necessary funding was in place to deliver sustainable strategies. The County Clerk confirmed that Cabinet had long debated this issue and whilst aspirations were high the cost was prohibitive. Councillor G.O. Rowlands advised members that energy

prices in 2008 were expected to rise by at least 30% and would continue to rise year on year so the issue needed to be addressed. Work was ongoing in the Capital Plan to address energy efficiencies. In response to a question from Councillor M.LI. Davies regarding energy systems in future developments, the Head of Development Services advised that such detail needed to be contained within the contract and the Carbon Trust would be providing the Council with clear recommendations for the future regarding effective fuel systems. Councillor R.E. Barton referred to the debate at the Cabinet meeting the previous day regarding schools heating systems which were very inefficient and antiquated. He added that replacing those systems within schools would result in quick and substantial energy savings. The Chair asked that this matter be passed to the Lifelong Learning Scrutiny Committee for further investigation. The Corporate Director Resources confirmed that there were significant proposals for investment to address energy efficiencies which would be considered by the Capital Strategy Group.

Democratic Renewal Follow Up – The County Clerk responded to questions advising that work on delegations was ongoing to amalgamate all historic and modern delegations into one document. With regard to Crime and Disorder, he advised that the Welsh Assembly were looking into the scrutiny process and the aspect of crime and disorder and it would be prudent to consider the matter further once the results of that work had been made available. It was also likely that the review of scrutiny committees would be considered further following the May elections.

Finally reference was made to the report on Community Safety which had been attached bilingually at Appendix 4 and 5 to the report. The Corporate Policy Officer apologised that the English version had been placed before the Welsh version on this occasion. Members noted the final report and agreed to consider it and the Action Plan in further detail at a future meeting. The Corporate Policy Officer confirmed that she would invite Graham Boase, the Head of Planning and Regulatory Services and Roly Schwarz, Enforcement and Regulatory Enforcement Officer to that meeting to aid debate. Councillor M.LI. Davies referred to the excellent work being undertaken by Roly Schwarz and the Community Safety Team and felt that the Council should be publicising those achievements in the local press. The County Clerk agreed to raise that matter with the Press and Public Relations Section.

RESOLVED that:-

- (a) *the report be received and noted;*
- (b) *the results of the WAO follow up review of Procurement; Environmental Health and Trading Standards, and Waste Management be submitted to the committee's March meeting for consideration;*
- (c) *the outcomes of Phase 1 of the Leisure Services review together with an update on the Council's vehicle fleet in terms of energy efficiency matters be circulated to the committee for information, and*
- (ch) *the final report on Community Safety together with the Action Plan be submitted to the committee's March meeting for further consideration.*

At this juncture (10.25 a.m.) the meeting was adjourned for five minutes for a refreshment break.

653 ASSET MANAGEMENT – INTERNAL AUDIT REPORT

A Management Summary Report for the Review of Asset Management carried out by Deloitte & Touché LLP during January/February 2007 together with the full final Internal Audit Report (previously circulated) was submitted. The committee had considered an audit summary of Asset Management at their last meeting and had requested the Lead Cabinet Member for Regeneration and Housing, Councillor G.O.

Rowlands and the Head of Development Services, Mr. Gareth Evans attend at this meeting to address the key issues highlighted within the audit report. A supplementary paper (previously circulated) provided by the Lead Member and Head of Development Services detailed the current position in Asset Management.

Councillor G.O. Rowlands reminded members that he had only recently taken up the Cabinet Portfolio for Regeneration and Housing and had not been the Lead Member at the time the audit had been undertaken. He also highlighted the fact that the former Lead Cabinet Member and the Head of Development Services had not been consulted either prior to or during the period of the audit which he felt should be addressed in future audits. In response to this, the Head of Internal Audit explained that they had taken the advice of senior managers in Development Services when agreeing who needed to be consulted during the audit review.

Mr. Paul McNicholas from Deloitte & Touché outlined the scope of the audit assignment for Asset Management including the objectives; audit approach and methodology, and areas covered which were predominately high level Asset Management issues. The overall opinion, given the level of weakness found, was that only limited assurance could be placed on the service. This was mainly due to the one high level risk and eleven medium level risks.

Members expressed their concerns regarding the weaknesses in the system and level of non-compliance and took the opportunity to raise questions with the Lead Member for Regeneration and Housing, the Head of Development Services and the Principal Asset Manager regarding various aspects of the report and sought assurances that the shortcomings identified within the report were being addressed. Particular assurances were sought regarding the high level risk identified in respect of the approval and adoption of the Corporate Asset Management Plan (CAMP) and Service Asset Management Plans (SAMPs) prior to the start of the period to which they related.

The Head of Development Services reminded members that the audit had been undertaken approximately twelve months previously and since then a significant amount of work had been undertaken to address the issues of concern. He referred to the supplementary paper (previously circulated) detailing the key issues arising from the audit; recommendations and management response; action taken by management and the current position to date. In response to members' questions and comments the Lead Cabinet Member for Regeneration and Housing and the officers responded that:-

- The Asset Management Team did not have the authority to compel services to produce SAMPs. The Corporate Executive Team (CET) had expressed concern regarding the high level risk and had taken the view that capital funding bids from services should be rejected unless a SAMP had been produced. Consequently 8 of the 9 SAMPs had been completed and ratified for 2007/08 and the CAMP would be completed once capital bids for projects had been approved. The SAMP which had not been completed was Transport and Infrastructure due to possible integration with the Highways AMP. Following approval of the Capital Plan the CAMP would be submitted to the Asset Management Group (AMG) in March and should be in place before the end of the financial year
- The supplementary paper addressed the failings highlighted within the auditor's report and Internal Audit Services would be undertaking a follow up visit in April/May to review progress against the recommendations with particular emphasis on the high level risk; this follow up visit was welcomed by the Asset Management Team who were confident that significant progress had been made; the Head of Internal Audit Services confirmed that the findings would be reported back to this committee in the usual manner
- Condition surveys had commenced in 2006 with a view to gathering backlog data and instigating a rolling programme to ensure data was current. Once

the backlog surveys were completed the funding would be sufficient for the rolling programme of condition surveys and allow suitability/sufficiency surveys to be commenced in a similar manner

- Attendance at the Asset Management Group (AMG) had largely improved and reminders regarding attendance were continuing. Regular attendance was important to ensure a consistent corporate view was taken. The new Capitalisation Prioritisation process required all property related matters bidding for funding to be approved at AMG and the view taken that service reports submitted without representation from the service would not be discussed. The Head of Development Services confirmed that attendance levels would continue to be monitored and agreed that AMG's terms of reference could be reviewed. [Members had been concerned to note the poor attendance at AMG; stressed the need to monitor attendance levels, and supported the review of the AMG's terms of reference]
- Arising from the audit report and following pressure from ICT, Development Services had adopted the IPF Asset Manager as the single IT system for the management of asset management data but a separate system was still required for invoicing and Revenues were assessing whether they would be able to adopt that system
- Password history setting for the IPF system had been implemented; ICT had agreed with the auditors comments that there was an excessive number (4) of Administrator accounts set up within the IPF application but had indicated that this issue should be considered in its entirety as part of the system. ICT felt the decision on whether to reduce the number of accounts should be made by Development Services [Development Services did not feel that 4 accounts were excessive in light of the potential number of users]
- the recorded status of outstanding actions in the Regulatory Plan for Asset Management had now been corrected and an Asset Challenge process had been approved at Cabinet in June 2007; an Asset Challenge Officer was currently being recruited
- difficulties had arisen in filling the vacant Principal Property Manager post despite continuous recruitment efforts and a further recruitment effort was currently being reviewed
- sufficient resources were in place to address the high risk priority identified within the auditor's report together with much of the remaining medium risks identified and progress would be subsequently reviewed by Internal Audit. This was subject to ability to fill the vacant asset post.

Councillor R. LI. Williams referred to the disposal process for redundant buildings and raised concerns regarding the length of time taken to finalise proceedings citing particular problems with two buildings in his ward. He felt that there would be merit in reviewing the procedures for the disposal of assets. Councillor G.O. Rowlands responded that some delays were due to legal issues, particularly around ownership matters. He also referred to the lack of capacity within the Legal Department to deal with disposal of assets and confirmed that a funding bid for this purpose had been included in the budget round. Councillor C.L. Hughes suggested that the disposal process should involve a site visit and inventory for surplus properties. The Head of Development Services advised that the Environment Scrutiny Committee had previously identified the need for a review of the procedures currently adopted for the disposal of assets.

Having considered all the actions undertaken to address the key issues identified within the audit report in detail the committee noted the significant improvements and progress which had been made. However, in view of the seriousness of the issues identified the committee felt that the matter should be closely monitored and welcomed a report back from Internal Audit on their planned follow up visit in April/May to formally assess progress against the recommendations in Asset Management. The Chair thanked Councillor G.O. Rowlands and the officers for their attendance at today's meeting to answer members' questions together with the input from Mr. P. McNicholas from Deloitte and Touché as author of the report.

RESOLVED that:-

- (a) *the audit report on Asset Management be received and noted;*
- (b) *the supplementary paper provided by the Lead Cabinet Member for Regeneration and Housing and the Head of Development Services together with the explanation provided by the Lead Member and officers detailing action taken to date in order to address the key issues identified within the auditor's report be accepted, and*
- (c) *a further report be submitted to a future meeting of the committee following Internal Audit's planned follow up visit in April/May to assess progress made against the audit recommendations, to include an update regarding attendance levels at the Asset Management Group.*

654 COMMITTEE WORK PROGRAMME 2008

The County Clerk submitted a report (previously circulated) outlining the committee's work programme for 2008.

The County Clerk reminded members that they had agreed to include the final report on Community Safety and the results of the Wales Audit Office follow up review of Procurement; Environmental Health and Trading Standards, and Waste Management for consideration at their meeting in March. Members also agreed to withdraw the programmed update on the Role of Members in Securing Improvements Action Plan which had been incorporated into the report on Monitoring Outcomes of the Regulatory Plan considered by members earlier on today's agenda.

RESOLVED that, *subject to the amendments agreed at today's meeting, the work programme as contained within the report be approved.*

EXCLUSION OF PRESS AND PUBLIC

RESOLVED that *under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting for the following item(s) of business on the grounds that it would involve the likely disclosure of exempt information as defined in Paragraphs 14 and 16 of Part 4 of Schedule 12A of the Act.*

655 BLESSED EDWARD JONES CATHOLIC HIGH SCHOOL

The Senior Education Officer – Secondary submitted a confidential report (previously circulated) regarding the Estyn monitoring visit to the school between 4th and 7th December 2007 as requested by the committee as part of their role in monitoring progress of the school.

Members were advised of Estyn's observations arising from their visit including reference to leadership issues; performance management; standards of teaching; standards of achievement and draft recommendations. Whilst there were encouraging signs of improvement Estyn had recommended that the school remained in special measures and the position be reviewed during the next monitoring visit scheduled for the spring term. Members took the opportunity to raise questions with the Senior Education Officer regarding progress at the school and Estyn's assessment process, particularly with regard to standards of teaching, improvement of key skills, bilingualism and Curriculum Cymraeg. During the ensuing debate the Chair referred to the need for the Lifelong Learning Scrutiny Committee to closely monitor the school's progress and Councillor N. Hugh Jones, Chair of the Lifelong Learning Scrutiny Committee confirmed that arrangements were being made for a future scrutiny meeting to be held at the school. Members reiterated their previous concerns regarding the poor attendance at governor training and the Senior

Education Officer reported upon a new training programme with sessions coinciding with meetings of the Governing Body as a means of increasing attendance levels.

Whilst noting that there was still much work to be done members were pleased to acknowledge the continuing improvements at the school and commended the Acting Headteacher for the excellent work she had undertaken in difficult circumstances. It was agreed that the committee should continue to keep the matter under close review with regard to governance issues and financial aspects of the Estyn post inspection action plan and to receive a further progress report at their March meeting when it was hoped that further improvements would be reported. The Head of Internal Audit Services confirmed that his department would be undertaking a follow up visit to the school shortly and agreed to report the findings back to this committee.

RESOLVED that:-

- (a) *the progress report incorporating Estyn's findings arising from their monitoring visit to the school between 4th and 7th December 2007 be noted, and*
- (b) *a further update on the school in relation to governance issues, including attendance at governor training sessions, together with financial aspects of the Estyn post inspection action plan be submitted to the committee's March meeting.*

656 LITIGATION RISK ASSESSMENT

(The Chair declared an interest in this matter and left the meeting during consideration thereof. In the Chair's absence the Vice-Chair, Councillor C.L. Hughes took the Chair for this item.)

The Corporate Director Resources and County Clerk submitted a joint confidential report (previously circulated) providing members with information regarding potential litigation, an assessment of the level of risk and the financial and legal advice given in respect of a terminated contract. The report had been brought to the committee for information as part of the committee's role in overseeing the Council's control systems and the process of assessment of risk.

The County Clerk detailed the circumstances giving rise to the report advising that considerable time and effort had been spent by all parties concerned in trying to resolve the matter but unfortunately no common ground had been established. The committee were asked to receive the report and note the action taken.

Members took the opportunity to raise questions regarding the report following which it was:-

RESOLVED that the report be received and the actions taken be noted.

The meeting concluded at 12.25 p.m.
