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GOVERNANCE AND RESOURCES COMMITTEE

Minutes of a Meeting held on Thursday 9 June 2016 in the Council Chamber, County Hall, Matlock at 6.00pm

PRESENT

Councillor Jacquie Stevens - In the Chair

Councillors Deborah Botham, Albert Catt, Ann Elliott, Steve Flitter, Chris Furness, Alyson Hill, Neil Horton, Angus Jenkins, Jean Monks, Garry Purdy, Irene Ratcliffe, Lewis Rose, OBE, Mark Salt and Colin Swindell.

Sandra Lamb (Head of Corporate Services), Paul Wilson (Corporate Director), Karen Henriksen (Head of Resources), Mike Galsworthy (Estates and Facilities Manager), Jenny Williams (Internal Audit Consortium Manager), Steve Capes (Head of Regeneration and Policy), Ian Brailsford (Business Transformation Assistant) and Jackie Cullen (Committee Assistant).

Councillor Joyce Pawley attended as Ward Member.

APOLOGIES

Apologies for absence were received from Councillors Susan Hobson and Tony Millward, BEM. Councillor Ann Elliott attended as Substitute Member. Apologies were also received from Katy Scott, KPMG, who confirmed that there were no papers to present to the Committee at this time.

54/16 – MINUTES

It was moved by Councillor Chris Furness, seconded by Councillor Irene Ratcliffe and

RESOLVED

(unanimously)

That the minutes of the meeting of the Governance and Finance Committee held on 24 March 2016 be approved as a correct record.

The Minutes were signed by the Chairman.

55/16 – PUBLIC PARTICIPATION

In accordance with the procedure for public participation, Councillor Joyce Pawley commented as Ward Member on Agenda item 10, specifically paragraph 1.3 – Memorial Gardens Public Conveniences, Matlock Bath. Councillor Pawley asked the Committee to

consider whether the tender documents had been too prescriptive, and whether they could be modified in order to encourage fresh tenders.

56/16 – INTERESTS

Councillor Irene Ratcliffe declared a non-pecuniary interest in Agenda item No. 10 (paragraph 1.3 – Memorial Gardens Public Conveniences, Matlock Bath) as she was a non-elected member of Derbyshire County Council and would be involved in the future project to be undertaken by the District Council in partnership with DCC.

57/16 – ARC LEISURE, MATLOCK – REPAIRS TO TEACHING POOL

Councillor Angus Jenkins arrived at 6.20pm during discussion of this item.

The Committee considered a report that outlined the problems experienced at the Arc Teaching Pool and the actions taken to arrange the necessary repairs.

The Estates and Facilities Manager advised the Committee that works were progressing on time and within budget. Investigative works had been carried out and a structural engineer had inspected the pool shell and found no signs of structural movement. An inspection had taken place by Ardex UK Ltd, the manufacturer of the grouts and adhesives used, and core samples of the screed, tiles and grouting were taken for analysis. It was noted that evidence had been retained such that an appropriate claim could be made should a latent defect in the construction of the pool be identified. At the time of writing, no latent defects had been identified.

It was moved by Councillor Albert Catt, seconded by Councillor Garry Purdy and

RESOLVED That the actions taken in investigating the defective floor tiling and in placing an order with Plunkett Tiling Ltd in the sum of £10,600 + VAT to re-tile the Teaching Pool floor to be funded from the revenue budget are noted.

Voting:

For	14
Against	0
Abstentions	1

58/16 – INTERNAL AUDIT REPORTS CONCLUDED TO DATE UNDER THE 2015/16 OPERATIONAL AUDIT PLAN

The Committee considered the internal audit reports produced in respect of the 2015/16 Internal Audit Plan.

The 2015/16 Operational Audit Plan was approved by Corporate Committee on 19 March 2015. A summary of reports issued covering the period 27th February to 6th May 2016 for audits included in the 2015/16 Internal Audit Plan was attached as Appendix 1 to the report; this showed for each report a summary of the Overall Audit Opinion of the audit and the number of recommendations made / agreed where a full response had been received.

An overall assessment of the reliability of the internal controls examined was tabled in the report. It was noted that 6 reports had been issued; 5 with a good opinion and 1 with a satisfactory opinion. 4 recommendations were made, all of which had been accepted, and

it was confirmed that there were no issues arising relating to fraud that needed to be brought to the Committee's attention.

It was moved by Councillor Steve Flitter, seconded by Councillor Irene Ratcliffe and

RESOLVED That the Committee note the findings and conclusions of the internal
(unanimously) audit reviews.

59/16 – INTERNAL AUDIT ANNUAL REPORT 2015/16

The Committee considered a report that:

- Presented a summary of the internal work undertaken from which the opinion on the internal control environment was derived;
- Provided an opinion on the overall adequacy and effectiveness of the Council's control environment including any qualifications to that opinion;
- Drew attention to any issues that required inclusion in the Annual Governance Statement;
- Compared work actually undertaken with that which was planned and summarised performance;
- Commented on compliance with the Public Sector Internal Audit Standards (PSIAS);
- Reviewed progress against the internal audit improvement plan and presented a new improvement plan;
- Commented on the results of the quality assurance programme;
- Confirmed the organisational independence of internal audit;
- Reviewed the performance of the Internal Audit Section against the current Internal Audit Charter.

Appendix 1 to the report detailed the audit reports included in the 2015/16 internal audit plan, showing for each report the overall opinion on the reliability of the internal controls. These opinions were summarised in the report. It was noted that there were no issues relating to fraud arising from the reports detailed in Appendix 1.

Progress against the last improvement plan was reported to this Committee in July 2015. With the exception of the external review of internal audit and ongoing targets, that improvement plan had been completed and the new improvement plan for the internal audit section was attached as Appendix 3 to the report.

Quality control procedures had been established within the internal audit section, as set out in the report, which had ensured conformance with the PSIAS.

It was moved by Councillor Lewis Rose, OBE, seconded by Councillor Irene Ratcliffe and

RESOLVED That the Internal Audit Annual Report for 2015/16 be noted.
(unanimously)

60/16 –INTERNAL AUDIT CHARTER

The Committee considered a report on the results of a review of the Internal Audit Charter and that sought approval for the updated Charter.

In September 2015 the Internal Audit Charter was formally updated and approved by the Governance and Resources Committee. The Charter was not due for review until September 2016; however the Public Sector Internal Audit Standards were revised in April 2016 and therefore the Internal Audit Charter had been updated accordingly, as outlined in the report.

The Internal Audit Charter at Appendix 1 to the report had been updated to reflect the changes.

It was moved by Councillor Garry Purdy, seconded by Councillor Angus Jenkins and

RESOLVED
(unanimously)

1. That Members note the outcome of the review of the Internal Audit Charter.
2. That the updated Internal Audit Charter be agreed.
3. That the Internal Audit Charter be reviewed in 2 years' time or sooner in the event of any significant changes being made to the Public Sector Internal Audit Standards.

61/16 – CHANGES TO CAPITAL PROGRAMME 2016-2017

The Committee considered a report that outlined additional capital funding required, and that recommended inclusion of these amounts, in the revised Capital Programme proposals for 2016/17 to 2019/20 to be considered by full Council.

The Chairman advised Members that items paragraphs 1.1 and 1.2 would be considered together, and paragraph 1.3 would be considered as a separate item.

- 1.1 Ashbourne Leisure Centre –Dehumidifier and Heating Plant Upgrades
- 1.2 Ashbourne Civic Square –Resurfacing Works

Details of the work required in respect of these two schemes were set out in the report. It was noted that the Leisure Centre works were originally included in the sum of £327,000 approved as part of the Condition Survey Works at the 17 September 2015 meeting of this Committee, together with an additional £40,000 which was included in financial year 2019/20 for three replacement dry-side boilers. However, due to issues that had subsequently arisen it was recommended that the £40,000 in the 2019/20 Capital Programme be brought forward to 2016/17 and an additional £75,000 was requested in the 2016/17 Capital Programme to finance these works.

With regard to Ashbourne Civic Square resurfacing works, it was noted that this had been removed from the Capital Programme at a previous review. However, now that the re-design and re-surfacing of Shawcroft Car Park had been completed, this area looked unsightly and continued to incur high maintenance costs.

The proposed scheme, at a budget cost of £50,000, involved providing a new surface and landscaping of Civic Square, which would really enhance this area of the town and would also allow it to be used for staging of markets and increase its suitability for use for Civic Events. It was therefore recommended that an additional £50,000 be requested in the 2016/17 Capital Programme to finance these works.

It was moved by Councillor Lewis Rose, seconded by Councillor Jean Monks and

RESOLVED That the business cases outlined in paragraphs 1.1 and 1.2 of the
(unanimously) report be referred to Council in June 2016 to be considered for funding alongside other capital scheme business cases and, if approved, capital works identified in paragraphs 1.1 and 1.2 of the report be implemented.

1.3 Memorial Gardens Public Conveniences, Matlock Bath – Major Structural Repairs

Following the identification of major structural defects at the above property as part of the District Council's programme of Condition Surveys last year, a number of options were considered and were subject to public consultation, the outcome of which was reported to the 17 September 2015 meeting of this Committee where it was resolved that the building be repaired and internally refurbished at a budget cost of £236,000.

However, there had subsequently been a number of issues, including the presence of bats and problems with access to neighbouring private land, which had delayed the projected start date for this project to 01 October 2016. Additionally, the successful tender for the works had come in substantially over budget at £324,000.

At the time of writing, a meeting was being arranged with the proposed contractor to discuss the implications of the delayed start date and to agree some cost engineering measures to reduce the overall scheme cost. Given the above and so as not to delay the project any further, it was therefore recommended that an additional £88,000 be requested in the 2016/17 Capital Programme to finance these works.

It was moved, as amended, by Councillor Lewis Rose OBE, seconded by Councillor Garry Purdy and

RESOLVED That the business case outlined in paragraph 1.3 of the report be
(unanimously) referred to Council in June 2016 following further refinement of costs, to be considered for funding alongside other options for this building and other capital scheme business cases and, if approved, capital works identified in paragraph 1.3 of the report be implemented.

62/16 - LAND HOLDINGS REVIEW – LAND OFF ST JOHN'S STREET, ASHBOURNE

The Committee considered a report on a site that was to be included in Phase 3 of the Land Holdings Review earlier this year but was delayed pending further legal advice. Following detailed consideration of planning, legal and estate management factors, it was recommended that the site should be sold on the terms stated in the report.

It was moved by Councillor Lewis Rose OBE, seconded by Councillor Albert Catt and

RESOLVED That subject to no adverse comments being received from the Ward
(unanimously) Member or Ashbourne Town Council, the site shown edged in heavy black in the plan at Appendix. 1 is transferred freehold to the owner of Nos. 30-34 St John's Street for the consideration of £500 (five hundred pounds) subject to the payment of the District Councils reasonable legal costs.

63/16 - LAND HOLDINGS REVIEW – LAND OFF KING EDWARD STREET, ASHBOURNE

The Committee considered a report concerning the approach made previously by Sainsbury's Supermarkets Ltd. (SSL) for the inclusion of an area of District Council owned land off King Edward Street, Ashbourne in a proposed care home development that was approved at the 29 January meeting of this Committee.

Since then a legal issue had been identified regarding the reserved right of way in favour of the privately owned development site to the South East of the District Council's retained car park. This would result in a change to the access arrangements and a corresponding reduction in the number of car parking spaces available in the new pay and display car park to be provided as part of the scheme. An increase of £8,000 in the Capital Receipt had been agreed to compensate for this.

It was noted that the proposed scheme had yet to obtain Planning Consent. The consideration of the Heads of Terms and disposal of the District Council's land by this Committee would be entirely without prejudice to any future decisions by the District Council as Planning Authority.

Members were advised that paragraph 2.2 of the report referred to the initial capital receipt figure; this should be increased by £8,000 as stated above.

It was moved by Councillor Lewis Rose OBE, seconded by Councillor Garry Purdy and

- RESOLVED** (unanimously)
1. That the amended offer from SSL as outlined in paragraph 1.3 of the report is accepted, subject to the necessary planning consents being obtained by SSL.
 2. That Members note that the disposal in (1) above comprises an undervalue transaction permitted under the General Disposal Consent 2003.

64/16 – ANNUAL GOVERNANCE STATEMENT

The Committee considered a report on the Annual Governance Statement and the extent of its compliance with its own code of governance. The report sought Members' approval of the Annual Governance Statement for 2015/16, which was consistent with the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government", and met the requirements of the Accounts and Audit Regulations 2015.

The Accounts and Audit Regulations 2015 required local authorities to conduct a review of its system of internal control at least once a year, and to publish an annual governance statement prepared in accordance with proper practices in relation to internal control. The Annual Governance Statement was attached as Appendix 1 to the report and described the key elements of the governance framework and the process that had been applied in maintaining and reviewing the effectiveness of the governance framework. Section 6 of the Annual Governance Statement identified significant governance issues.

It was moved by Councillor Steve Flitter, seconded by Councillor Irene Ratcliffe, and

- RESOLVED**
1. That Members approve the Annual Governance

(unanimously) 2. That the significant governance issues, and the actions to a

65/16 – ELECTRONIC DOCUMENT MANAGEMENT SYSTEM

The Committee considered a report on the deployment of an Electronic Document Management System (EDMS) that was approved by Corporate Committee on 20 March 2014, subject to a viable business case being presented to the Corporate Leadership Team. The business case was approved on 22 March 2016, but the level of capital expenditure required exceeded that previously set aside for this project. The report requested release of the Information Technology Reserve to procure and implement EDMS for the Council.

The Administration Service Review report (issued 28 November 2013) stated that the Transformation Hub be recommended to:

- Procure a document management system with workflow that linked to and integrated with existing back office systems;
- Evaluate the current Northgate EDMS.

As a result of these recommendations a detailed EDMS options appraisal was carried out by the Transformation Team and approved by the Corporate Leadership Team in February 2014, and again in March 2015. A figure of £50,000 to be drawn from the Information Technology Reserve was allocated to finance the project. The project team had clarified the potential benefits of introducing an EDMS across the District Council, as listed in the report, together with the options open to the District Council.

The Northgate Information@Work EDMS was already used in the Development Management and Revenues and Benefits sections, and after considering the options and associated costs (as set out in the full business case appended to the report) the Corporate Leadership Team concluded that Option 1 - to purchase a fully corporate version of the Northgate system with additional modules - represented the maximum value for money and available functionality, and that this should be the recommended option.

A demonstration of the latest version of the software from Northgate took place on 26 January 2016. Subsequent to this demonstration, Northgate provided substantially discounted prices (based upon a five year agreement and as detailed in the report) for a full corporate deployment, as set out in the report. Total project costs were tabled in the report, and a shortfall of around £95,000 to meet the initial (capital) costs was identified.

It was moved by Councillor Angus Jenkins, seconded by Councillor Chris Furness and

RESOLVED
(unanimously)

1. The Northgate Information@Work system be adopted as the corporate Electronic Document Management System (EDMS)
2. Council is requested to update the Capital Programme by an additional £95,000 from the Information Technology Reserve for this project, to be considered for funding alongside other capital schemes, on the basis of the business case outlined in this report
3. Council is requested to waive the requirement for competitive tender on this occasion, in conformance with the Contract Standing Orders

4. Deployment of the EDMS be phased, with the first phase being in Development Management.

66/16 – DATA PROTECTION HEALTH CHECK

The Committee considered a report that sought Members' approval for the appointment of a consultant to carry out a Data Protection Health Check.

An internal audit review of data protection arrangements concluded that arrangements were unsatisfactory and made a number of recommendations. Some of the recommendations had not yet been implemented. The Corporate Leadership Team agreed that it would be helpful to commission an independent health check of data protection / information governance arrangement in order to assess what resources might be required to enable the Council to comply fully with statutory requirements. Members requested that the resulting evaluation be brought back to the Committee to enable it to consider the options.

Three proposals had been received with regard to the health check; these varied considerably in depth and price. The key information was tabled in the report, and the Corporate Leadership Team had evaluated the proposals and agreed that the proposal from Company C offered the best solution in terms of price, depth of analysis, experience of those undertaking the work and knowledge of Local Government. It was suggested that Council be requested to approve a virement of £15,790 from the salaries budget to fund the cost of the health check.

It was moved by Councillor Lewis Rose OBE, seconded by Councillor Albert Catt and

RESOLVED
(unanimously)

1. That Members approve the appointment of Company C to carry out a Data Protection Health Check.
2. That Council be requested to approve the virement of £15,790 from the salaries budget to fund the Health Check.

MEETING CLOSED – 7.42PM

CHAIRMAN