

SOUTH RIBBLE BOROUGH COUNCIL

Governance Committee

Meeting held at 6.00pm on Wednesday, 25th June, 2014 in Wheel Room, Civic Centre, West Paddock, Leyland, PR25 1DH

Present:-

Cllrs W Bennett (in the chair), Clark, Nelson, Ogilvie and Patten

In Attendance:-

Andy Armstrong (Risk Manager), Garry Barclay (Head of Shared Assurance Services), Jane Blundell (Principal Management Accountant), Carol Eddleston (Democratic Services Officer), Susan Guinness (Head of Shared Financial Services), Lee Hurst (Principal Systems and Financial Accountant) and Ian Parker (Director of Governance and Business Transformation)

Councillor Mrs M Smith, Leader of the Council, representing Councillor S Robinson, Cabinet Member for Finance and Resources

Officers:-

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Other Members:-

Councillor P Smith

Minute No.	Description/Resolution
1	<p>Apologies for Absence</p> <p>An apology for absence was submitted on behalf of Councillor Foster.</p>
2	<p>Declarations of Interest</p> <p>There were no declarations of interest.</p>
3	<p>Minutes of the Last Meeting</p> <p>RESOLVED (unanimously) that: the minutes of the meeting held on 23 April 2014 be approved as a correct record and signed by the chairman.</p>
4	<p>SRBC Statement of Accounts 2013/14 a) Budget Outturn Report 2013/14</p> <p>The Leader presented the report which notified members of the out-turn position in relation to both Revenue and Capital expenditure and thanked the Head of Shared Financial Services and her team for all their hard work in compiling the report.</p> <p>The Leader outlined some of the main issues highlighted in the report and she and the Head of Shared Financial Services responded to questions and observations from members.</p> <p>The technical calculations within the new Business Rates Retention scheme were very complex, not least because the impact of performance in a particular year spanned more than one financial</p>

year. A Learning Hour would be held on 8 July to inform members of the details and implications of the scheme and all members would be encouraged to attend. The new arrangements had resulted in an estimated deficit of £1.46m on the Collection Fund in 2013/14 which would have to be repaid in 2014/15; in fact, the actual out-turn position was £0.97m but the beneficial difference of £0.489 would not be received until 2015/16.

Members acknowledged that in the longer term the new scheme could be seen as a positive for South Ribble as it was essentially an incentive to local authorities to maximise economic development opportunities. If this authority was able to increase its tax base it would be allowed to retain the growth minus a government levy.

The Valuation Office Agency had until July 2015 to process the backlog of appeals. Officers had looked at how the appeals list changed over time and, due to the nature of multiple appeals from e.g. large national retailers, it was possible that the underlying level of outstanding appeals would remain fairly constant.

Some members expressed concern about the level of slippage on the capital programme 2013/14 and wondered whether there would be adequate capacity to complete the re-phased projects in 2014/15.

The Leader and the Head of Shared Financial Services pointed out that there were a number of genuine reasons why items in the capital programme might slip. The Leader referred to the Longton Village Improvements which were starting later than originally planned, due, in no small part, to the amount of time taken to secure all the necessary legal arrangements. Following the introduction of an in-house Disabled Facilities Grants function, the Housing team had spent time analysing the eligibility of outstanding applications, and revising the team structure and process in order to allocate appropriate resource to deal with eligible applications. The Council was conscious of how the service was currently perceived externally and was making efforts to strengthen its reputation in this area. The Council had certainly met all of its obligations in relation to homelessness.

Members acknowledged that the estimated budget gap was based on a number of uncertainties but was widening. The Head of Shared Financial Services said that the external auditors had previously commented on this Council's ability to deal with its budget gap on a phased basis to enable it to achieve budgetary efficiency savings whilst also protecting frontline services and minimising associated costs. South Ribble was considered to be in a better position than some other local authorities as a result of this approach. The external auditors would not, however, be prescriptive with regard to what level of general reserves was appropriate.

In relation to paragraph 83 on page 14, the Head of Shared Financial Services explained that a number of property search companies had made a group claim to local authorities for fees charged legitimately for conducting land searches. The group was asserting that the charges had been imposed illegally due to other European legislation. The council had a reserve set aside in case the claim was settled.

RESOLVED (unanimously) that:

- 1) the contents of the report and appendices be noted;
- 2) the budget variances for 2013/14 listed at Appendix A be approved;
- 3) the budget items listed at Appendix D be carried forward to 2013/14;
- 4) the financing of the capital programme for 2013/14 and the carry forward of capital re-phasing into 2014/15 as outlined in the report be approved;
- 5) the retention of reserves at Appendix C together with the proposed contributions to and withdrawals from these reserves as detailed within the Core Financial Statements and within the report be endorsed;
- 6) the committee acknowledge the challenges of the new Business Rates Retention Scheme but look forward to the opportunities that it may present in the longer term;
- 7) all members be encouraged to attend the Business Rates Retention Scheme Learning Hour on 8 July; and

8) the committee look forward to receiving reports of progress on the in-house provision of Disabled Facilities Grants.

b) Core Financial Statements for year ending 31 March 2014

The Leader presented the draft statements which would form part of the Council's year end statutory Statement of Accounts for 2013/14 which had to be signed and authorised for issue by the Chief Finance Officer before the end of June. They were entitled 'draft' at this stage as there was an opportunity for changes to be made before the Chief Finance Officer signed them in June and also before they were approved by this committee in September 2014.

As in previous years, members of the Governance Committee, Cabinet and the chairman and vice-chairman of the Scrutiny Committee would be invited to attend a question and answer session on the detailed accounts in July or August [date to be confirmed]. The accounts would be circulated beforehand and it would be particularly helpful if members would submit questions in advance to ensure that all points could be covered and the time available was used to its maximum effect.

RESOLVED (unanimously) that:

members note the report and look forward to an opportunity to ask questions on the detailed accounts at a dedicated question and answer session in the summer.

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Draft Annual Governance Statement

The Director of Governance and Business Transformation presented the report which provided assurance on the Council's standards of corporate governance spanning all the Council's priorities and covering all activities. He drew the committee's attention in particular to section 5 on page 10 which outlined a number of important actions taken during 2013/14 to build and strengthen the Council's corporate governance arrangements and the ongoing and newly identified actions to be implemented in 2014/15.

In response to questions from members of the committee, the Director explained that the Council's anti-fraud and corruption policies were revised either when it was considered timely and appropriate to do so or when required to do so by an outside agency, such as the recent revision of the Whistleblowing policy following publication of a code of practice by the Whistleblowing Commission.

The committee noted from the report that the Standards Committee had not received any complaints against members in 2013/14 and the Director confirmed that any issues which might have been resolved informally would not be formally recorded. The Independent Person, Barry Parsonage, who had been appointed to support the work of the Standards Committee and the Monitoring Officer, had been appointed following an advertisement in the local press and a rigorous recruitment exercise involving the Leader, the then Monitoring Officer and Legal Services.

Members of the committee welcomed ongoing member development and the Learning Hours in particular, recommending that all members should be encouraged to attend sessions whenever possible. They acknowledged that member development would be crucial following the borough, parish and town council elections in 2015.

New procedures introduced to enable all complaints to be recorded via the Firmstep system made it easier for the authority to identify time-consuming repeat and/or frivolous complaints which might be defined as vexatious, to streamline a co-ordinated response where appropriate and to substantiate and justify any action taken by the Council if later challenged by an external agency such as the Local Government Ombudsman.

RESOLVED (unanimously) that:

the Annual Governance Statement be noted.

6	<p>Treasury Management Annual Report 2013/14</p> <p>The Leader presented the Treasury Management Annual Report 2013/14 which confirmed that the Council had complied with The Prudential Code, The Treasury Strategy and the Prudential Indicators therein. The key performance indicator had also been achieved and indeed exceeded. The return on investments totalled 0.83% which exceeded the benchmark of 0.34%. It also provided updated information regarding the Icelandic investments.</p> <p>The Head of Shared Financial Services reminded members that the Council's Treasury Strategy dictated the actual counterparties with which the Council could invest and the permissible limit and duration of investments, all of which inevitably impacted on the return on investments.</p> <p>RESOLVED (unanimously) that: the Treasury Management Annual Report 2013/14 be noted.</p>
7	<p>Internal Audit Annual Report 2013/14</p> <p>The Head of Shared Assurance Services presented the report which summarised the work undertaken by the Internal Audit Service in 2013/14; gave an Audit opinion on the adequacy and effectiveness of the control environment in the Council as a whole and for individual audit reviews, gave an appraisal of the Internal Audit Service's performance, and provided an evaluation following the 'review of the effectiveness of the Council's system of internal audit'. He responded to questions and observations from members.</p> <p>The Performance Management Framework audit was postponed to allow time for the new processes to bed in. Management actions had been agreed to resolve issues identified during the review of Disabled Facilities Grants and Payroll – Self Serve and members would be informed of progress on the latter review outside of the meeting. Arrangements for in-house provision of the Disabled Facilities Grants were currently bedding in and the Internal Audit Service was providing pro-active advice to the Housing team at this stage but would conduct an audit in due course.</p> <p>The committee was informed that targets which had been exceeded in 2013/14 would be increased for 2014/15; the target which had not been met would remain the same for 2014/15.</p> <p>RESOLVED (unanimously) that: 1) the Internal Audit Annual Report 2013/14 be noted, and 2) the committee look forward to an update on the implementation of management actions agreed following the review of Payroll – Self Serve.</p>
8	<p>Compliance with International Auditing Standards</p> <p>The Head of Shared Assurance Services presented the report which enabled the committee as 'those charged with governance' and the Chief Executive on behalf of 'management' to provide a range of assurances being sought by Grant Thornton as part of their external audit of the 2013/14 accounts. These assurances related to the council's management processes to prevent and detect fraud, and to ensure compliance with law and regulations.</p> <p>The Head of Shared Assurance Services explained that the assurances provided by the chairman and the Chief Executive were based on a good deal of detailed work by the Internal Audit service and confirmed that, as part of the external audit process, the external auditors would ask for evidence in support of these assurances.</p> <p>RESOLVED (unanimously) that: the committee chairman and the Chief Executive be enabled to sign the assurance letters requested by Grant Thornton.</p>

9	<p>Year End Risk Monitoring Report 2013/14 Outturn and Revised Corporate Risk Register 2014/15</p> <p>The Risk Manager presented the report which informed members of the actions taken by management to address the key risks and opportunities in the Corporate Risk Register (CRR) during 2013/14 and presented a revised CRR for 2014/15 which included the new waste collection service contract and City Deal as new risks. He was pleased to confirm that the council was continuing to manage its strategic risks effectively. He invited questions and observations from the committee.</p> <p>Responding to a suggestion that the key actions in the Corporate Plan relating to the City Deal were somewhat 'woolly', Mr Armstrong acknowledged that the project was at an early stage but suggested that ultimately it would probably have its own risk register as specific risks became clearer.</p> <p>The Business Rates Retention scheme had not been included in the Corporate Risk Register as it was addressed in relevant service risk registers and, given the strong position of the borough in terms of future economic development, it was generally considered that the retention scheme was likely to be a positive for the Council in the longer term. The recent Senior Management Restructure had not been flagged up as a risk. It was currently being embedded and any issues with it would undoubtedly be flagged up as soon they arose.</p> <p>RESOLVED (unanimously) that:</p> <ol style="list-style-type: none"> 1) progress made to manage the Council's key strategic risks during 2013/14 be noted, 2) the revised Corporate Risk Register 2014/15 be noted.
10	<p>Review of the Constitution</p> <p>Members agreed with the chairman's suggestion that the 2014/15 review should include consideration of any changes required as a result of the Boundary Review and a new protocol for members involved on the Council's behalf on outside bodies and partnerships. He invited members to let him know outside of the meeting of any additional suggestions.</p> <p>RESOLVED (unanimously) that:</p> <ol style="list-style-type: none"> 1) the 2014/15 review of the Constitution include consideration of changes required as a result of the Boundary Review and the drafting of a new protocol for members involved on the Council's behalf on outside bodies and partnerships; 2) suggestions for any additional areas for review be submitted to the chairman.
11	<p>Forward Plan</p> <p>Noting the number of documents scheduled to be considered at the 24 September meeting, the committee asked for the <i>Funding Report of the Actuarial Valuation as at 31 March 2014</i> to be moved to the 26 November meeting.</p>

..... Chairman

The meeting ended at 7.48pm.