

## SOUTH RIBBLE BOROUGH COUNCIL

### Governance Committee

Meeting held at 6.00pm on Wednesday, 26th November, 2014 in Wheel Room, Civic Centre, West Paddock, Leyland, PR25 1DH

#### Present:-

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

#### In Attendance:-

Carol Eddleston (Democratic Services Officer) and Susan Guinness (Head of Shared Financial Services)

Councillor Robinson, Cabinet Member for Finance and Resources

Fiona Blatcher of Grant Thornton

#### Officers:-

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Minute No.	Description/Resolution
20	<p><b>Apologies for Absence</b></p> <p>An apology for absence was submitted on behalf of Councillor Foster.</p>
21	<p><b>Declarations of Interest</b></p> <p>Councillors Nelson and Patten declared personal interests in the item relating to the Funding Report of the Actuarial Valuation [minute number 25] as their spouses were members of the Local Government Pension Scheme. Council officers present also declared personal interests in this item as members of the scheme.</p>
22	<p><b>Minutes of the Last Meeting</b></p> <p>RESOLVED (unanimously); That the minutes of the meeting held on 24 September 2014 be approved as a correct record and signed by the chairman.</p>
23	<p><b>External Audit – Annual Audit Letter</b></p> <p>Ms Blatcher explained that although much of the information contained in the report had been discussed at the September meeting, section 27 of the Accounts and Audit Regulations required the formal Annual Audit Letter to be considered by the relevant council committee as soon as practicable after its receipt and to be published.</p> <p>Ms Blatcher confirmed that Grant Thornton had issued a credit note for £900 as a goodwill gesture since the September meeting and high level meetings had taken place between senior management at the council and Grant Thornton to discuss future working arrangements. She confirmed that the one off fee rebate referred to in Appendix A was due in part to Audit Commission costs decreasing as the organisation was being wound down.</p> <p>Ms Blatcher stressed that there was no formula in terms of what constituted a 'healthy' or 'unhealthy' level of reserves but it was down to local risks and how an individual authority managed its own financial position; compared to some others, this council had relatively</p>

	<p>high reserves.</p> <p>RESOLVED (unanimously) that:</p> <ol style="list-style-type: none"> <li>1) the report be noted;</li> <li>2) the committee welcome the receipt of the credit note and the fact that planning is already underway to avoid a repeat of the delays experienced in the 2013/14 audit.</li> </ol>
24	<p><b>Budget Monitoring Statement – Month 5 (August) 2014/15</b></p> <p>The Cabinet Member for Finance and Resources and the Head of Shared Financial Services presented the report and highlighted salient points.</p> <p>The Business Rates Retention position would undoubtedly change moving forward; whilst we were ‘worse off’ in the short term due to the levy taken by central government we would get the benefit in 2015/16. Appeals were settled by the Valuation Office Agency and the council had no influence over them. We now had a Relationship Manager at the agency and they planned to provide statistical information on appeals in the future.</p> <p>Estimates were based on information currently available but the 2015/16 funding cut would be confirmed just before Christmas.</p> <p>In response to whether the vacancy freeze might have contributed to the shortfall in Building Control Income, the Chief Executive explained that following a restructure in the summer recruitment had taken place and the team now had a target to boost income. The team’s performance and income would be monitored closely over the next 12 months. The private sector was often able to undercut the council’s own Building Control service and in fact some architects would work only with the private sector.</p> <p>It had been pointed out at Scrutiny Committee that although there might be a large number of planning applications in train at any one time, Building Control income was not received until properties were actually built.</p> <p>The reason behind the variance in taxi licensing income was not known but based on a snapshot over the first five months it was considered to be quite close to the profiled budget.</p> <p>The higher than expected income of £30,000 in expenses recovered was explained by the fact that more people had been taken to court for non payment of council tax than had been expected when the budget had been put together.</p> <p>The committee was pleased to see significant progress in relation to the Disabled Facilities Grant and welcomed the fact that the full 14/15 budget was projected to be spent.</p> <p>Members of the committee acknowledged that project management planning was very different from financial management planning but wondered whether a projected spend profile against each scheme at the start of each year might help to alleviate concerns about variation on the capital programme. The Cabinet Member pointed out that this information would need to be provided by the individual directorates.</p> <p>Some early work had started in relation to the feasibility study into the future use of the kitchen and civic suite areas and more information would be brought back in due course.</p> <p>RESOLVED (unanimously) that:</p> <ol style="list-style-type: none"> <li>1) the report be noted;</li> <li>2) the committee commend the financial position at the five month monitoring stage;</li> <li>3) the committee welcome the progress in relation to Disabled Facilities Grants, and</li> <li>4) the committee look forward to further reports of progress on individual capital programme schemes.</li> </ol>
25	<p><b>Funding Report of the Actuarial Valuation as at 31 March 2014</b></p>

	<p>Councillors Patten and Nelson declared personal interests in this item as their spouses were members of the Local Government Pension Scheme. Council officers present also declared personal interests in this item as members of the scheme.</p> <p>The Head of Shared Financial Services presented the report which highlighted the salient points of the actuary's report and informed the committee that the funding level had increased from 78% to 80.8% since the report was compiled. Although the report related to the county scheme generally, information specific to charges to South Ribble was included in our own budget figures at the start of the year and at year end.</p> <p>The committee was conscious that the main report had been produced externally and considered that it would be useful to invite either the pension fund treasurer or the actuary to a future meeting to deal with detailed questions and to discuss the progress of the fund.</p> <p>RESOLVED (unanimously) that:</p> <ol style="list-style-type: none"> <li>1) the report be noted, and</li> <li>2) the committee include in its 2015/16 work programme an item on the Lancashire County Pension Fund.</li> </ol>
26	<p><b>Treasury Management Activity – Mid-year Review 2014/15</b></p> <p>The Cabinet Member for Finance and Resources presented the report and said he was hopeful that we would meet our investment income targets.</p> <p>Funds from the recently matured investment in the Debt Management Office had been used to cover the council's Business Rates Retention obligations to the Department for Communities and Local Government.</p> <p>The Head of Shared Financial Services agreed to check whether the 0.35% annual bonus on the Barclays call account was time limited.</p> <p>The credit ratings of the local authorities on the counterparty list were in accordance with the requirements of this council's treasury and investment strategies.</p> <p>The Debt Management Office was essentially Her Majesty's Government.</p> <p>The Cabinet Member confirmed that he was not suggesting any particular changes to the treasury and investment strategies at this time but, in response to a question from the chairman about whether greater flexibility might be appropriate in order to maximise return, he suggested that a review of the treasury and investment strategies would be appropriate after the 2015 elections. The Council's appetite for risk would determine how flexible it wished to be although it still needed to have cash available in order to be able to, for example, pay out precepts.</p> <p>RESOLVED (unanimously that):</p> <ol style="list-style-type: none"> <li>1) the report be noted, and</li> <li>2) the committee review the council's treasury and investments strategies in the new municipal year.</li> </ol>
27	<p><b>Forward Plan</b></p> <p>The committee noted the forward plan without further debate.</p>

The meeting finished at 7.18pm.

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