

### Governance Committee

**Meeting held at 6.00pm on Wednesday, 28th January, 2015 in Wheel Room, Civic Centre, West Paddock, Leyland, PR25 1DH**

**Present:-**

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

**In Attendance:-**

Garry Barclay (Head of Shared Assurance Services), Jane Blundell (Principal Management Accountant), Carol Eddleston (Democratic Services Officer), Dawn Highton (Principal Auditor), Ian Parker (Director of Governance and Business Transformation) and David Whelan (Legal Services Manager)

Councillor Robinson (Cabinet Member for Finance and Resources)

Gareth Winstanley (Grant Thornton)

**Officers:-**

2

**Other Members:-**

Councillors Mullineaux, Mrs M Smith and P Smith.

Minute No.	Description/Resolution
28	<p><b>Apologies for Absence</b></p> <p>All members of the committee were present.</p>
29	<p><b>Declarations of Interest</b></p> <p>There were no declarations of interest.</p>
30	<p><b>Minutes of the Last Meeting</b></p> <p>RESOLVED (unanimously) that: the minutes of the meeting held on 26 November 2014 be approved as a correct record and signed by the chairman.</p>
31	<p><b>External Audit - Certification report 2013/14</b></p> <p>Gareth Winstanley explained that the only claim that the external auditors had been required to certify in 2013/14 was that relating to housing benefit. The audit had gone very well and had identified only a small number of errors, none of which had impacted on the subsidy paid to the council. Relative to the volume of the claim the level of error was very low and gave the external auditors no concerns about our arrangements.</p> <p>As mentioned at the last meeting, positive discussions were already taking place about next year's audit and Mr Winstanley was confident that the external auditors would be reporting back earlier in the course of the 2014/15 audit than they had done this year.</p>

	<p>RESOLVED (unanimously) that:</p> <ol style="list-style-type: none"> <li>1) The report be noted, and</li> <li>2) the low error level identified in the certification process be commended.</li> </ol>
32	<p><b>Budget Monitoring Statement as at 31 December 2014</b></p> <p>Councillor Robinson presented the report which provided an update on the Council's overall financial position compared to the financial strategy for the first nine months of the financial year. In summary, the latest forecast included a net underspend at the end of the year and showed that we were on target in relation to savings, including annual recurring savings of £0.292m in future years.</p> <p>In responding to questions, Councillor Robinson confirmed that there was an overall budget for staffing and the need to recruit was considered carefully on a case by case basis as vacancies arose and new projects were initiated.</p> <p>The potential impact of the Business Rates Retention Scheme was still uncertain, making it still very difficult to make accurate forecasts.</p> <p>Councillor Robinson confirmed that the savings achieved by paying the three years' total contribution to the pension deficit upfront in 2014/15 would be realised in full by 2016/17.</p> <p>From the audience the Chief Executive reminded the meeting that the authority had carried out some substantial repairs to its assets over the last few years. The forecasted reduction in repairs and maintenance budgets was not an arbitrary cut but was in fact based on a review of our maintenance requirements for the remainder of the year.</p> <p>The £52K underspend on capital financing costs was mainly due to some rephasing of the vehicle replacement programme.</p> <p>The forecast overall reduction in investment property income of £47,000 was relatively low and maintaining healthy occupancy rates in our smaller units in the current climate was particularly positive.</p> <p>This council was highly accurate in identifying and calculating Housing Benefit overpayments and very proactive in publicising prosecutions. Whilst the number of people taken to court had increased, so had the number of interventions to stop people having to go to court.</p> <p>The supplement to lower graded posts was £11k above the original estimate.</p> <p>Councillors Clark and Foster pointed out that the committee had previously expressed concern about slippage on the capital programme and this report seemed to indicate a slippage of around 30%. Where projects had been re-profiled to the next financial year to allow a feasibility study to be carried out, it should have been clear that the project could not have been delivered in the current financial year and in fact it might perhaps have been more appropriate to include a line for feasibility in the Neighbourhoods and Street Scene budget as there was for Regeneration, Leisure and Healthy Communities. The council was in a lucky position with resources in place and should be moving ahead with programmes at a time when labour costs were particularly low. Councillor Foster expressed concern about budget being allocated to projects that did not get started without a detailed explanation for this in the report.</p>

	<p>The Director of Governance and Business Transformation explained how figures associated with a project could change significantly between initial conceptualisation, pre-implementation and implementation. If it was obvious early on that there would be an underspend on a project, the variance would be 'tipped back' straight away.</p> <p>Any slippage between financial years was approved following discussions between the relevant director and portfolio holder who would be kept informed throughout. Slippage between financial years was not uncommon in local authorities, with one major factor being lead time from approval. In response to whether it would be possible to see more detail behind the projects in the programme, the Chief Executive suggested that bringing detailed project plans to the committee might not be the way forward but it was certainly the role of the committee to question the progress of projects and, as such, it was in its remit to invite Cabinet Members to attend to respond to questions if considered appropriate.</p> <p>The committee was pleased to see that the Disabled Facilities Grant capital budget was on course to be fully spent.</p> <p>RESOLVED (unanimously) that:</p> <ol style="list-style-type: none"> <li>1) the committee note the pleasing overall position at this stage of the financial year;</li> <li>2) the committee look forward to further reports of progress on individual capital programme schemes as requested at the last meeting; and</li> <li>3) the Cabinet Member for Neighbourhoods and Street Scene be invited to the next meeting to provide more detailed information on the capital projects within that portfolio.</li> </ol>
33	<p><b>Corporate Governance Progress Report</b></p> <p>The Director of Governance and Business Transformation presented an update on the progress made to strengthen the Council's governance arrangements. He confirmed that all the council's anti-fraud and corruption policies had been reviewed and updated, including the Whistleblowing Policy. The Department for Work and Pensions was in the process of creating a Single Fraud and Investigations Service at a time when our level of Housing Benefit grant was being reduced but we would continue to investigate fraud and to publish data on our prosecutions, meaning that as far as this authority was concerned it was 'business as usual'.</p> <p>The Director of Governance and Business Transformation said that he would like to amend the format of the action plan in future to make it more user friendly and he accepted that the actions could be made more SMART (specific, measurable, achievable, realistic, timebound).</p> <p>The Head of Shared Assurance Services explained that Internal Audit would undertake a review of how the committee operated against CIPFA guidance on Audit Committees as indicated in 1.3 of the action plan but he did not anticipate much change as far as this committee was concerned.</p> <p>In terms of Equality and Diversity as indicated in 8 of the action plan, the Director of Governance and Business Transformation explained that any new policies and procedures introduced within the authority would be assessed to ensure that they were compliant with equality and diversity legislation. We were not aware that any members felt disadvantaged by equality and diversity in undertaking their duties.</p> <p>RESOLVED (unanimously) that:</p>

	<ol style="list-style-type: none"> <li>1) the positive report be welcomed, and</li> <li>2) the level of detail presented in the action plan be maintained following any changes to the format, and</li> <li>3) the actions in the action plan be made more SMART.</li> </ol>
34	<p><b>Employee Code of Conduct</b></p> <p>The Legal Services Manager presented a revised draft Employee Code of Conduct which had been designed to update and enhance the existing code and make it more user friendly. Unison and Human Resources had been involved in the officer working group that put the document together.</p> <p>Members of the committee commended the revised draft as a very readable and easily understandable piece of work.</p> <p>There was some concern from Councillor Foster about 2.2 which stated that 'Employees must not seek to involve members in personal matters which relate to any aspect of their employment with the Council'. The Chief Executive stressed that political neutrality was a fundamental requirement of council employees and there were policies and procedures in place for them to follow in relation to their employment. He pointed out that depending on the individual case there might be some member involvement further down the line if the Appeals Committee were required to meet. Discussion between the trade union and members was different from that between an individual officer and members.</p> <p>The Director of Governance and Business Transformation suggested that it might be helpful to expand the Explanatory Notes on this section in order to make the intent of the text clearer.</p> <p>In relation to 3.4 Use of Council, Property, Facilities and Equipment, members suggested that it would be appropriate to add the term 'resources' (time and money). It was also suggested that the second paragraph may need to be reconsidered in view of the fact that some officers may be on stand-by at times.</p> <p>In terms of 3.5 Criminal Charges and Convictions, arrangements were in place to deal with the eventuality of officers committing a motor offence whilst on duty.</p> <p>It was intended to publicise the new code along with a suite of relevant policies in the form of a 'roadshow' in conjunction with Human Resources. All of the policies would be available on the council's intranet, Connect.</p> <p>RESOLVED (unanimously) that:</p> <ol style="list-style-type: none"> <li>1) the officer working group be commended on producing a very good piece of work, and</li> <li>2) subject to the comments above, the draft revised Code of Conduct be referred to the Standards Committee, Cabinet and ultimately Council for formal adoption.</li> </ol>
35	<p><b>2nd Internal Audit Interim Report as at 28 November 2014</b></p> <p>The Principal Auditor presented the report which advised members of the progress made on the South Ribble and Shared Financial Services Internal Audit Plans for the period August 2014 to November 2014 and gave an appraisal of the Internal Audit Service's performance to date.</p> <p>The review of the planned and reactive asset management maintenance programme</p>

	<p>had resulted in a detailed action plan being agreed with the relevant director and this would be discussed with the incoming Corporate Property Manager when she took up the post.</p> <p>Although individual reviews were budgeted for at the start of the year, once work started it might become apparent that more (or less) days would be required, meaning that there were some areas where the days planned had been exceeded (eg Data Quality) but others where there was an underspend (eg Annual Governance Statement). We tended to buy in days from Lancashire County Council’s Audit Service for computer audits.</p> <p>In response to an observation that the direction of travel in this report did not seem as good as in previous reports, the Principal Auditor pointed out that this was the first report showing the criticality ratings that the committee had agreed it would like to see and in fact there was only one area which had been given a ‘limited’ assurance rating. The Head of Shared Assurance Services said that the criticality ratings helped to put the audits into some sort of context but he did not believe that the type of feedback provided following the audits referenced in the report was any different than previously. The committee acknowledged that the report was based on only one quarterly reporting period.</p> <p>RESOLVED (unanimously) that: The report be noted.</p>
<p>36</p>	<p><b>Forward Plan</b></p> <p>The committee agreed that the Actuarial Report on the Pension Fund should be taken to the 18 November meeting.</p>

The meeting ended at 7.30 pm.

..... Chairman