

SOUTH RIBBLE BOROUGH COUNCIL

Governance Committee

Meeting held at 6.00pm on Wednesday 23 November 2016 in Wheel Room, Civic Centre, West Paddock, Leyland, PR25 1DH

Present:-

Councillor Patten (Chairman)

Councillors Foster, Michael Green, Mrs Moon and Mrs K Walton.

In Attendance:-

Jean Hunter (Interim Chief Executive), Garry Barclay (Head of Shared Assurance Services), Susan Guinness (Head of Shared Financial Services), Steve Nugent (Head of Human Resources), David Whelan (Legal Services Manager) and James Wallwork (Democratic Services Officer).

Councillor Mrs Snape in her capacity as portfolio holder for Finance.

Gareth Winstanley from the Council's External Auditors, Grant Thornton.

Public Attendance: No members of the public were present

Officers:- 3 other officers were present

Other Members:- Councillors Bennett, Clark, Martin, Mullineaux and Wharton were also present.

Minute No.	Description/Resolution
22	<p>Apologies for Absence</p> <p>An apology for absence was submitted on behalf of Councillor Ogilvie.</p>
23	<p>Declarations of Interest</p> <p>Councillors Michael Green and Mrs Moon both declared personal interests in the item relating to the Draft Annual Governance Statement.</p>
24	<p>Minutes of the Last Meeting</p> <p>The Chairman, Councillor Patten, referred to an e-mail from Councillor Ogilvie concerning a possible change to the minutes of the meeting held on 21 September 2016. Councillor Ogilvie had referred to resolution (2) of minute no 17(b), Audited Statement of Accounts and that he thought that the Committee had noted the proposed actions rather than welcomed them. This resolution had also been mentioned within the report to be considered later on the agenda concerning the Draft Annual Governance Statement (AGS).</p> <p>Councillor Foster indicated that his recollection was that they had welcomed the report as the committee was pleased to see it come before them. Both Councillors Patten and Mrs Walton, who were present at the last meeting, agreed but suggested that the minute be amended as they had also noted the actions.</p> <p>It was therefore suggested that minute 17(b) (2) be amended to read "The proposed actions in Appendix C be noted and welcomed..."</p> <p>UNANIMOUSLY RESOLVED: That, subject to the above amendment, the minutes of the meeting held on 21 September, be approved as a correct record and signed by the chairman.</p>

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Matters Arising from the Last Meeting – Draft Annual Governance Statement

(Councillors Michael Green and Mrs Moon both declared personal interests in the item relating to the Draft Annual Governance Statement as they were linked to the actions included, but were able under the Code of Conduct for Elected Members to remain in the meeting during the consideration of the application.)

The committee considered a report concerning the Council's draft Annual Governance Statement (AGS) for 2016 which provided assurance of the standards of corporate governance spanning all the Council's priorities and covering all activities (appendix A attached to the report).

The AGS also contained an action plan to address any areas in the Council's governance arrangements that had been identified for improvement. This included the governance related recommendations and actions arising from the Scrutiny Task Group Review of Licensing (appendix B attached to the report).

The Legal Services Manager explained that there was an inaccuracy in the report which the committee should be aware of. On page 2 of the report it stated that the External Auditors had given a qualified Value for Money conclusion. Whilst this was what they were proposing to do, they had not yet issued such an opinion. This would be issued alongside their opinion on the financial statements.

In introducing the report, the Legal Services Manager stated that this year the process had been far more complicated than normal in part because of the implications of the Scrutiny review of licensing. The AGS was considered by the Committee at its last meeting in September when members noted the revised AGS but did not sign it off. Concern had been expressed about the level of capability and resources available to deliver on the identified actions. The Committee also agreed that a further meeting be convened with the incoming Interim Chief Executive in order to enable the Committee to gain the confidence required to be able to approve the AGS. He stated that the Interim Chief Executive had now been in post for approximately a month. She has taken the opportunity to discuss the proposed actions with External Audit, to review timescales to ensure deliverability and to finalise the Action Plan as shown in appendix B to the report.

Subject to the actions being signed off by the Committee at this meeting and the relevant Scrutiny actions also being signed off by Cabinet on 6th December, together with due diligence by External Audit, it was hoped the Statement of Accounts would be signed off by the end of the calendar year. An additional Governance Committee was proposed on 14th December for completion of all the necessary processes and for the formal sign off of the accounts with the Letter of Representation.

The Legal Services Manager continued to explain that of the 16 recommendations arising from the Scrutiny review, not all of these had been picked up in the action plan. The two main reasons for this were that some of the recommendations did not relate to Governance issues. For example the recommendation relating to five cabinet members being referred to Standards and the recommendation relating specifically to the Monitoring Officer, were issues for elsewhere. Secondly for some of the Scrutiny actions to be implemented Cabinet support/identification of resources would be required. With this in mind, and as already referred to, there would be a special Cabinet meeting on the 6th December to consider this.

It was of vital importance that the council demonstrated that it was doing everything practicable to make its corporate governance arrangements as robust as possible in the light of the Scrutiny Review of Licensing. With this in mind a challenging Action Plan needed to be adopted. The Council needed to satisfy the external auditors that these issues were being taken seriously and were being addressed.

The Chairman, Councillor Patten, suggested that a particular officer should be listed against each action to be the responsible person. The Interim Chief Executive explained that this would be included within the detailed action plan which would also include key milestones.

Councillor Foster suggested a further recommendation which he suggested the committee may wish to support. He suggested that the committee strongly recommend that the Council and Executive should diligently adopt and follow all of the principles outlined in the Governance Framework and ensure they are fully implemented moving forward. He continued by suggesting that all 16 recommendations arising from the Scrutiny Review actions should be included within the action plan. The Legal Services Manager reiterated that two of the 16 recommendations were specific to complaints under the Standards Committee and it would therefore be dealt with by different processes. Councillor Foster still thought that all the recommendations should be included on the action plan. The Interim Chief Executive pointed out that there was a danger that Cabinet could say that these actions could not be deliverable.

Gareth Winstanley, Grant Thornton, was interested to listen to the discussion and stated that their work around the AGS would not be until after the Cabinet Meeting on Tuesday 6th December. Hopefully following this they would be in a position to conclude the audit by the end of the year. He did indicate that they did have the use of other powers if no progress was being made, but stressed that no one wanted to see this being used.

Councillor Michael Green indicated that he would not be supporting these recommendations, but would raise his concerns in another forum.

RESOLVED: (3 Yes, 2 No, 0 Abstention):

1. That the Committee approve the Council's Annual Governance Statement.
2. That members agree to the proposed timetable of events and for an additional Governance Committee to take place in December 2016 in order to sign off the Council's Statement of Accounts before the end of the calendar year.
3. That the committee strongly recommends that the Council and Executive should diligently adopt and follow all of the principles outlined in the Governance Framework and ensure they are fully implemented moving forward.
4. That all 16 recommendations arising from the Scrutiny Review actions be included within the action plan.

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External Audit – Progress and Update

Gareth Winstanley, Grant Thornton, introduced the report and drew the committee's attention to the progress at November 2016 of items seen throughout the year and in particular the Final Account Audit and that it was hoped that they would be a position to give their opinion on the Council's financial statements before the end of December 2016. He also referred to the Annual Audit Letter and that it was hoped to publish this in the New Year once they had issued their opinion on the Council's financial statements.

Councillor Foster referred to the minutes of the last meeting held on 21 September 2016 and in particular minute 17(b) (5), and enquired if a notice had been published stating that the authority had not been able to publish the Statement of Accounts and the reasons why. The Head of Shared Financial Services confirmed that this had been done.

Following a question from Councillor Patten, Gareth Winstanley confirmed that they were confident of meeting the dates to enable them to sign off the accounts before the end of the year. Next year, he hoped to be able to have the accounts signed off by August.

Gareth Winstanley also responded to a question from Councillor Foster, stating that they would only know if further was required following the Special Cabinet in December and what progress had been made.

Councillor Patten referred to a national change to the way in which accounts were being prepared and enquired if this could impact of local authorities. Gareth Winstanley indicated that there could potentially be some change. The International Reporting Council had introduced new procedures which could find its way into the public sector.

	<p>Councillor Bennett, who was in the audience, raised a question concerning recommendation 15 - An internal audit of the management of the legal instructions and associated costs be carried out. He asked that if any failings were identified as part of the review, how these would be dealt with. Gareth Winstanley stated that Grant Thornton would consider any information which came to its attention. The Interim Chief Executive stated that the Council would need to see what the recommendations were before taking a view on them. Following a question regarding the timescale, the Head of Shared Assurance Services hoped the review would be completed as soon as possible, possibly within a couple of weeks. Councillor Bennett hoped that the review would be completed prior to the Special Cabinet Meeting on 6 December.</p> <p>The Chairman thanked Gareth Winstanley for attending the meeting.</p> <p>UNANIMOUSLY RESOLVED: That the update be noted.</p>
27	<p>2016/17 Budget Management Statement (as at September 2016)</p> <p>Councillor Mrs Snape, Cabinet Member for Finance, presented the report which provided an update on the Council's overall position compared to the financial plan for the first six months on the 2016/17 financial year. Attached to the report was the Revenue Income and Expenditure (appendix 1), Progress in respect of the Efficiency Programme (appendix 2) and the Capital Expenditure (appendix 3).</p> <p>The Cabinet Member explained that the financial position as at 30th September 2016 indicated that the projected out-turn was expected to be in line with the budget. However, this was based on the assumption that the vacant posts would continue to accrue budget savings to the end of the year.</p> <p>Councillor Mrs Snape then turned to the Budget Efficiency Programme for 2016/17 and stated that this would not be delivered in the current year due to other operational matters impacting of capacity. She stated that this would need to be monitored on a regular basis in the future.</p> <p>Finally the Cabinet Member referred to the Capital Programme and that she had her own concerns regarding this. Uncompleted projects would be carried forward into future years. With only 50% of the Capital Projects being undertaken, this would need to be addressed and the Council work more tightly in the future.</p> <p>Councillor Michael Green agreed with the Cabinet Member regarding the slippage of schemes from 2015/16 within the Capital Programme and enquired why there had been slippage. He also expressed concern regarding the vacant posts and why there were so many.</p> <p>Councillor Mrs Moon agreed with Councillor Green stating that it was worrying to see the amount of vacancies. She was pleased to hear that the Cabinet Member say that the Budget Efficiency Programme would be monitored.</p> <p>Councillor Mrs K Walton agreed with the previous comments but she was most concerned about the shortfall with the Building Control Income of £19,000 and that the Council had lost out on this money mainly because the post of Building Control Technician was vacant.</p> <p>Councillor Foster also referred to the vacant posts and referred to Democratic Services in particular which had a further vacant post since the report had been produced. He suggested that it could be seen to be tactical to leave the posts vacant to enable the budget to be balanced. He also referred to the brief paragraph within the report concerning the City Deal and that he had previously requested a detailed update. Because of the significant issues and challenges faced it was important that the Council made sure the financial standing of City Deal was robust. Councillor Foster also referred to the slippage within the Capital Programme and that he had commented on this every year. Considering the funding was available, it was poor that only 50% of the projects had been delivered. The Council must</p>

start to ensure that all these schemes are delivered in the future.

Referring to the significant increase in income for planning fees, Councillor Patten enquired if there were any further large planning applications expected.

Councillor Bennett, who was in the audience, echoed the comments relating to the Capital Programme. He agreed with Councillor Foster that this was historical and that this was not a new issue. In his experience, the Head of Shared Financial Services was keen that Capital Programme project managers and budget holders provided accurate information in order for the Capital Programme to be delivered to accurate timescales.

The Cabinet Member for Finance, Councillor Mrs Snape, responded to the questions raised and commenced by indicating that she had only been in the post of Cabinet Member for two weeks prior to the report being produced. She referred to the comment regarding the Budget Efficiency Programme and that she had had concerns with this since becoming a Cabinet Member. She assured the committee that they are monitored regularly and reported for budget holders to respond if the quarterly targets were not being met. Unfortunately, she had been unable to monitor these since she had been appointed. She suggested that the delay could potentially have been as a result of the turbulent times at the council or sickness; however, she would get to the bottom of it.

The Cabinet Member agreed with the concerns regarding the vacant posts stating that the vacant Building Control Post would have created more income than the savings made with the post being vacant. She stated that the Interim Chief Executive would be looking at all vacant posts to see what needed to be addressed. The Interim Chief Executive confirmed that she was actively working with the Head of Human Resources to replace the vacant posts, some of which on a temporary basis until a permanent solution could be found. However, the current reputation of the Council was affecting potential replacements.

Councillor Mrs Snape agreed and took on board the comments raised in respect of the Capital Programme and stated that when she was a member of Governance she had also previously raised these concerns. She assured the committee that this would be looked at. The projects needed to be considered along with other priorities and only those which were deliverable should be included. The Head of Shared Financial Services confirmed that more detailed information of project slippage couldn't be provided at the meeting in the absence of the Directors responsible for programme delivery.

In response to Councillor Foster, the Cabinet Member agreed to provide a more detailed update on the City Deal which would be brought to Governance Committee on 1st February 2016.

As far as the Cabinet Member was aware, the only major planning applications she was currently aware of was the Cuerden Site Masterplan which may appear at Planning Committee just before or just after Christmas and Moss Side Test Track which could be in March.

Following a question from Councillor Patten concerning the increase in Investment Property Income, the Head of Shared Financial Services confirmed that this was mainly attributable to the rental of Worden Park Kiosk and a number of new units which had now been let.

Councillor Foster referred to the current projected out-turn for 2016-17 of £3.590m which was 52% of the current revised budget and sought clarification that this figure was accurate as it was now two months on from the report. The Head of Shared Financial Services would circulate an update to members of the committee.

UNANIMOUSLY RESOLVED:

That the report and appendices be noted.

28	<p>Regulation of Investigatory Powers Act 2000 (RIPA)</p> <p>The Legal Services Manager introduced a report which provided an outline of the latest inspection of our Regulation of Investigatory Powers Act (RIPA) arrangements by the Office of Surveillance Commissioners. RIPA provides the legislative framework within which councils may carry out covert surveillance and every three years the council undertake this inspection. On this occasion the Surveillance Commissioners were happy to carry out their inspection on the basis of documentation submitted.</p> <p>The Legal Services Manager explained that overall they were happy with the Council's arrangements and with the Council's RIPA policy. However, they did suggest that the wording with regard to the specific issue of Social network sites should be updated/amended. The changes proposed were highlighted in red on the policy document attached to the report. The new document was proposed to be introduced in December and following on from this training would be provided for relevant officers.</p> <p>Councillor Michael Green congratulated the Council on its limited use of this Act. He commented on the guidance about Social Network Sites (SNSs) and the use of a covert human intelligence source (CHIS). He enquired if the Council had ever had an employee set up a false identity for these purposes. The Legal Services Manager advised that as far as he was aware, the Council had not used this part of the guidance and that he wouldn't be comfortable in doing so.</p> <p>Councillor Foster referred to the role of the Director of Governance and Business Transformation as defined in our RIPA policy. With the absence of the current Director, he suggested that a Senior Responsible Officer needed to be appointed as a temporary replacement. The Legal Services Manager explained that it had been thought it would be best to leave it as it was but if the committee felt it appropriate then this could be addressed. He agreed to include something extra in the policy that in the absence of the Director the Legal Services Manager would fulfil the role of the Senior Responsible Officer.</p> <p>In response to a question from Councillor Patten concerning training, the Legal Services Manager indicated that training for relevant officers would take place in December/January. Further training would then be carried out, possibly in conjunction with other councils, by September/October.</p> <p>The Legal Services Manager also responded to a further question from Councillor Patten regarding a recommendation of the Surveillance Inspector (paragraph 23 of his letter). He indicated that it would be attended to, but it wasn't a priority as there was currently nothing to go in the central filing point.</p> <p>Councillor Bennett referred to Councillor Foster's question and that his point was valid. He stated that he had recently been having discussions with officers concerning the appointment of the Senior Information Risk Owner (SIRO) which had been the responsibility of the previous Chief Executive. He stated that it was important that the Council had a system in place that once a senior officer had left the authority, any roles that person was fulfilling were replaced as soon as possible.</p> <p>UNANIMOUSLY RESOLVED: That the report be noted.</p>
29	<p>Flexi-time and Overtime Audits – Follow Up Report</p> <p>The Head of Human Resources introduced the report and provided a detailed update of the issues arising from the Governance Committee held on 29 June 2016 (minute no 4 refers) in respect of audits undertaken of flexitime and overtime.</p> <p>Councillor Mrs Moon referred to point d) An explanation be provided by Human Resources of why no disciplinary action was taken against managers, and sought clarification on when the new system had been introduced. Following confirmation from the Head of Human</p>

	<p>Resources that the system had been introduced in January 2014, Councillor Mrs Moon stated that she could have understood it if these issues had been taking place shortly after the new system had been introduced by not 18 months after.</p> <p>She continued to refer to the sample for June 2015 and that of the 14 cases, seven could not be verified due to insufficient information being available, did not look very good. Reference was made to officer 20 within the appendix and the clear non-compliance with corporate standards/procedures and this was not acceptable. The Head of Human Resources agreed stating that he wasn't aware of this until the audit had been undertaken. He stated that this was a serious matter and had been dealt with.</p> <p>Councillor Mrs Moon referred to a couple of officers within the appendix and sought confirmation that officers felt that everyone was being dealt with fairly. The Head of Human Resources confirmed that he thought they were. The Head of Shared Assurance Services indicated that if members were looking for assurances, as part of the next Annual Governance Statement, they would be carrying out a number of checks which would include flexitime and overtime. Hopefully following that review he would be able to provide assurance that there had been improvements.</p> <p>Following a question from Councillor Mrs Walton, the Head of Human Resources confirmed that all credit controllers had now been adequately trained.</p> <p>Councillor Foster pointed out that it was just a minority of officers which had a disregard for the system and that the majority of officers were doing their best to follow the procedures. He continued to refer to a recent article in a local newspaper which stated that there had been "significant abuse of the Council overtime pay" and that the committee report being considered that evening stated that there were no financial implications. If this was the case the Council should write to the newspaper asking them to retract its story. The Head of Human Resources clarified that the £100,000 referred to, related to the total amount of overtime paid to all staff for the whole year.</p> <p>Councillor Patten thanked the Head of Human Resources for his explanation but indicated that it was worrying if the flexi system couldn't cope with the changing pattern of members of staff's working hours.</p> <p>Following a question from Councillor Bennett, the Head of Human Resources explained that if members of staff continually couldn't keep themselves in balance then they would be removed for a period of time.</p> <p>Councillor Foster indicated that he was now reassured that 95% of the issues were issues to be dealt with by management and weren't Governance issues. Councillor Clark, who was in the audience, agreed with Councillor Foster but stated that there was too much detail. He stated that the procedures and practices were more important to Governance rather than specific detail. Councillor Mrs Moon disagreed with Councillor Clark's comments stating that the committee needed that level of understanding and that it had assisted her to understand that these issues were being dealt with in the right way. Councillor Patten agreed with Councillor Mrs Moon.</p> <p>UNANIMOUSLY RESOLVED: That the report be noted.</p>
30	<p>Exempt Items</p> <p>UNANIMOUSLY RESOLVED: That the press and public be excluded from the meeting during the consideration of the following items of business as they involved the discussion of information which was defined as exempt from publication under paragraph 1 (Information relating to an individual) of Part I of Schedule 12A of the Local Government Act 1972 and in which the public interest in maintaining the exemption outweighed the public interest in disclosing it.</p>

31	Standing Order 38 Decision The committee considered a report concerning the making of a Standing Order 38 decision by the Interim Chief Executive and the Leader of the Council. UNANIMOUSLY RESOLVED: That the Governance Committee note the information contained within the report.
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The meeting ended at 8.09 pm.