

# Governance Committee

Tuesday, 10th January, 2023, 6.00 pm

Shield Room, Civic Centre, West Paddock, Leyland PR25 1DH

## Agenda

### 1 Apologies for absence

### 2 Declarations of Interest

Members are requested to indicate at this stage in the proceedings any items on the agenda in which they intend to declare an interest. Members are reminded that if the interest is a Disclosable Pecuniary Interest (as defined in the Members' Code of Conduct) they must leave the room for the whole of that item. If the interest is not a Disclosable Pecuniary Interest, but is such that a member of the public could reasonably regard it as being so significant that it is likely that it would prejudice their judgment of the public interest (as explained in the Code of Conduct) then they may make representations, but then must leave the meeting for the remainder of the item.

### 3 Minutes of the Last Meeting

(Pages 5 - 8)

Minutes of the meeting of this Committee held on 29 November 2022 to be approved and signed as a correct record.

### 4 Homes England Compliance Audit - McKenzie Arms

(Pages 9 - 16)

Report of the Director of Finance attached.

### 5 Annual Governance Statement: Actions - update

(Pages 17 - 22)

Report of the Director of Governance attached.

### 6 Exclusion of the Press and Public

To consider the exclusion of the press and public for the following items of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 1 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

By Virtue of Paragraph 1: Information relating to any individual.

Condition:

Information is exempt to the extent that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Information is not exempt if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to Regulation 3 of the Town & Country Planning General Regulations 1992(a).

By Virtue of Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Condition:

Information is not exempt if it is required to be registered under-  
The Companies Act 1985

The Friendly Societies Act 1974

The Friendly Societies Act 1992

The Industrial and Provident Societies Acts 1965 to 1978

The Building Societies Act 1986 (recorded in the public file of any building society, within the meaning of the Act)

The Charities Act 1993

Information is exempt to the extent that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Information is not exempt if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to Regulation 3 of the Town & Country Planning General Regulations 1992(a).

## **7 Audit and Risk Interim Report as at 31st December 2022**

(Pages 23 - 64)

Report of the Head of Audit and Risk attached.

Chris Sinnott  
Chief Executive

Electronic agendas sent to Members of the Governance Committee Councillors Ian Watkinson (Chair), Colin Sharples (Vice-Chair), Damian Bretherton, Alan Ogilvie, David Shaw, Margaret Smith and Kath Unsworth

The minutes of this meeting will be available on the internet at [www.southribble.gov.uk](http://www.southribble.gov.uk)

Forthcoming Meetings: 6.00 pm Tuesday, 7 March 2023 - Shield Room, Civic Centre, West Paddock, Leyland PR25 1DH

<b>Minutes of</b>	<b>Governance Committee</b>
<b>Meeting date</b>	<b>Tuesday, 29 November 2022</b>
<b>Members present:</b>	Councillors Ian Watkinson (Chair), Colin Sharples (Vice-Chair), Damian Bretherton, Alan Ogilvie, David Shaw, Kath Unsworth and Karen Walton
<b>Officers:</b>	Chris Moister (Director of Governance), Louise Mattinson (Director of Finance and Section 151 Officer), Georgia Jones (Grant Thornton), Steve Kenyon (Senior Management Accountant), Hanne Birchall (Senior Financial Accountant) and Clare Gornall (Democratic and Member Services Officer)
<b>Other members attending in person:</b>	Councillor Keith Martin
<b>Other members attending virtually:</b>	Councillor Caleb Tomlinson
<b>Public:</b>	0

## **25 Apologies for absence**

Apologies were received from Councillor Margaret Smith.

It was noted that Councillor Karen Walton was present in substitution for Councillor Margaret Smith.

## **26 Declarations of Interest**

There were none.

## **27 Minutes of meeting Tuesday, 27 September 2022 of Governance Committee**

### **Resolved (unanimously):**

That the minutes be agreed as a correct record for signing by the Chair.

## **28 Audit Findings Report**

The Council's External Auditors, Grant Thornton UK LLP, presented a report which provided members with its findings and conclusions relating to the statutory audit of the Council's Statement of Accounts for the period ending 31 March 2022.

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The External Auditor also referred to the recommendation at Appendix A (page 32) Cash to bank reconciliation. The issue was one of control (i.e. routine monthly reconciliations) and management had agreed to this.

Members queried as to the size or percentage of the small account monies. The External Auditor explained that the matter related to a small account of the Council's rather than the main account and it did not affect the overall position. It was something the Council is still working following the recommendation the previous year and was expected to be completed by 31 December 2022. It was agreed that the Director of Finance provide information to members regarding the specific details of the small account in terms of the size of transactions / balances outside the meeting.

## **Resolved (unanimously):**

That the report be noted.

## **29 Statement of Accounts 2021/22**

The Director of Finance presented the audited Statement of Accounts 2021/22 for approval.

She reported that the Independent Auditor's Report, once completed was to be included on page 89 of the Statement and that the Council was on target for publication of the document on the website by Christmas.

Members raised a query in relation to figures on page 95 in that the cost of council services was stated to be £21.7 million this year compared to £11.8 million last year. The Director of Finance agreed to provide a detailed explanation to members outside the meeting.

In response to a member query the Director of Governance indicated that he was happy with recommendation 5 to authorise the Director of Finance and Chair of Governance Committee to sign the Letter of Representation.

A query was made in relation to the Risk Register on page 78 – RO6 Capacity and skills i.e. would it affect ability to deliver the Capital Programme. The Director of Finance explained that the data presented related to quarter 4 of 2021/22. She gave assurances that the position had moved on since then and that this would be reported in due course.

As regards the pooling arrangements for business rates next year, the Director of Finance indicated that councils had been informed of a complete change in 2023/24 but so far this has not progressed. Therefore all Lancashire Authorities have been asked if they wish to continue with the pooling arrangements. South Ribble have submitted an expression of interest and are awaiting the outcome following the provisional Government Settlement expected around 22/23 December.

## **Resolved (unanimously):**

1. To approve the audited Statement of Accounts for 2021/22 (Appendix A), subject to any amendments which, in the opinion of the Director of Finance

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(Section 151 Officer), are minor in nature, i.e. defined as non-material to the financial position of the council;

2. To delegate authority to the Director of Finance, in consultation with the Chair of Governance Committee, to make such amendments;
3. If the Director of Finance is of the opinion that any such amendments are material to the financial position of the council, to reconvene the Governance Committee to approve the new Statement of Accounts;
4. To authorise the Director of Finance and Chair of Governance Committee to sign the Letter of Representation (Appendix B).

## **30 Treasury Management Mid Year Review 2022/23**

The Deputy Director of Finance presented a report on Treasury Management Performance and compliance with Prudential Indicators for the period ending 30 September 2022. The report also presented monitoring figures for the quarter ending 30 September 2022, including updated interest rate forecasts from Link Asset Services.

### **Resolved (unanimously):**

That the report be noted.

## **31 Constitution - Planning Committee**

The Director of Governance submitted a report informing members of a Council Notice of Motion that had requested changes to the Constitution in respect of Planning Committee procedures.

The changes related to two issues:

- One proposal effectively prohibiting members of the Cabinet from sitting on Planning Committee; and
- And two recommending changes to when a member may request that a planning application can be considered by Planning Committee.

A supplementary report was subsequently issued by the Director of Governance recommending that the Committee establish a Constitution Working Group to consider the proposed Notice of Motion and other proposed constitutional changes.

The Committee was in agreement with the proposal to set up a Constitution Working Group to consider the Notice of Motion. Other members in attendance, Councillors Caleb Tomlinson and Councillor Keith Martin, expressed their views on the Notice of Motion. It was suggested that they and any other members as appropriate be invited to present their views to the Working Group as evidence for this piece of work.

### **Resolved (unanimously):**

1. That a Constitution Working Group be established to consider the Notice of Motion and other constitutional changes;

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2. That members of the Committee be invited to express interest in sitting on the Working Group before the end of the year with a view to setting up a meeting in the New Year.

Chair

Date

Report of	Meeting	Date
Director of Finance	Governance Committee	Tuesday, 10 January 2022

## Homes England Compliance Audit - McKenzie Arms

Is this report confidential?	No
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Is this decision key?	No
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### Purpose of the Report

- To acknowledge receipt of Homes England Compliance Audit report as required by Homes England.

### Recommendations

- Acknowledge receipt of this report as required by Homes England.
- Note there are no breaches recorded and the report is green meeting all requirements.

### Reasons for recommendations

- Acknowledgement is required by Homes England.

### Other options considered and rejected

- None – this is a requirement of the audit.

### Executive summary

- Attached is the Homes England Compliance Audit relating to the McKenzie Arms Development. Compliance audits are required on schemes where Homes England funding is received. Grant Thornton were engaged to conduct the audit which has now been reviewed by Homes England and judged to meet all requirements.

### Corporate priorities

- The report relates to the following corporate priorities: (Please bold one)

An exemplary council	Thriving communities
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# Agenda Item 4

A fair local economy that works for everyone	<b>Good homes, green spaces, healthy places</b>
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## Background to the report

8. Homes England have provided funding to the value of £675,000 towards the McKenzie Arms capital scheme as a result there is a requirement periodically to meet their audit requirements.

## Compliance Audit Report

9. The Homes England report is attached as Appendix 1. The outcome of the audit has been:
  - a. On review of the evidence provided, the outcome of the audit has shown the provider (South Ribble Council) has complied with all the programme requirements and guidance. A GREEN grade has been assigned and no breaches were identified.

## Climate change and air quality

10. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

## Equality and diversity

11. There are no equality and diversity implications arising from this report.

## Risk

12. There are no risk implications arising from this report.

## Comments of the Statutory Finance Officer

13. The outcome of the audit is that no breaches were identified. The council will continue to assume the full approved grant funding from Homes England will be received and applied to the project.

## Comments of the Monitoring Officer

14. There are no issues of concern from a Monitoring officer perspective.

## Background documents

None

## Appendices

Appendix 1 – Homes England Compliance Audit Report.

Report Author:	Email:	Telephone:	Date:
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# Agenda Item 4

Neil Halton, Gaynor Simons (Senior Management Accountant, Financial Accountant)	neil.halton@southribble.gov.uk, gaynor.simons@chorley.gov.uk		December 2022
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# Compliance Audit Report – 2022/23

## 5085 – SOUTH RIBBLE BOROUGH COUNCIL

<b>Final Grade</b>	Green - Meets requirements
<b>Independent Auditor Organisation</b>	Grant Thornton
<b>Independent Auditor Name</b>	Nicholas White

### Report Purpose and Objectives

The purpose of the Compliance Audit report is to confirm that grant recipients have met Homes England's funding conditions and contractual requirements and have properly exercised their responsibilities as set out in the Capital Funding Guide.

We use the audit findings (which are confidential between Homes England and the grant recipient) to inform our future investment decisions and to reassure the Homes England Chief Accounting Officer that public funds have been properly used.

Where findings have been determined as breaches they are then used as the basis for recommendations and final grades for Providers. Grades of green, amber or red are awarded; definitions are provided at the end of this report. Where applicable the Provider is to use the recommendations to prevent similar breaches from reoccurring in the future and to aid good governance for complying with Homes England's policies, procedures and funding conditions.

Information about the audit process and guidance is available at:  
<https://www.gov.uk/guidance/compliance-audit>

### Compliance Audit Grade and Judgement Summary

<b>Final Grade</b>	Green - Meets requirements
<b>Judgement Summary</b>	On review of the evidence provided, the outcome of the audit has shown the provider has complied with all the programme requirements and guidance. A GREEN grade has been assigned and no breaches were identified.



## Scheme/Completions details

Scheme ID/ Completion ID	Address/Site ID	Scheme type
1058091	Mckenzie Arms Bamber Bridge,PR5 6EE	Rent

## Audit Results

Number of Schemes/Completions Audited	1
Number of Breaches Assigned	0
Number of High Severity Breaches	0
Number of Medium Severity Breaches	0
Number of Low Severity Breaches	0

## Provider's Acknowledgement of Report

The contents of this report including all recommendations must be acknowledged by your Board's Chair or equivalent. Confirmation of this acknowledgement must be recorded in the IMS Compliance Audit System by your Compliance Audit Lead no later **than three calendar months** of the report email notification being sent.

Report acknowledged by:

Date:

## Confidentiality

The information contained within this report has been compiled purely to assist Homes England in its statutory duty relating to the payment of grant to the Provider. Homes England accepts no liability for the accuracy or completeness of any information contained within this report. This report is confidential between Homes England and the Provider and no third party can place any reliance upon it.

## Compliance Audit Grade Definitions

<b>Green Grade</b>	No high or medium severity breaches identified, although there may be low breaches identified. The Homes England audit report shows that the provider
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	has a satisfactory overall performance but may identify areas where minor improvements are required.
<b>Amber Grade</b>	One or more medium severity breaches identified. The Homes England audit report will shows that the provider has failed to meet some requirements but has not misapplied public money. The provider will be expected to correct identified problem(s) in future schemes and current developments.
<b>Red Grade</b>	One or more high level severity breaches identified, the Homes England audit report shows that the provider has failed to meet some requirements and there has been a risk of misapplication of public funds.

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Report of	Meeting	Date
Director of Governance and Monitoring Officer	Governance Committee	Tuesday, 10 January 2023

## Annual Governance Statement: Actions - update

Is this report confidential?	No
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Is this decision key?	Not applicable
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### Purpose of the Report

- To update members of the committee of the progress of implementation of the improvement actions in the Annual Governance Statement.

### Recommendations

- That members note the report.

### Reasons for recommendations

- The improvement actions in the Annual Governance Statement will assist the council in strengthening its governance environment. As these have been approved by the committee it is appropriate to keep members apprised as to the progress of their delivery.

### Other options considered and rejected

- Not applicable.

### Corporate priorities

- The report relates to the following corporate priorities: (Please bold one)

<b>An exemplary council</b>	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

# Agenda Item 5

## Background to the report

6. Members will recall approving the Annual Governance Statement for the year 2021/22 in May 2022. Whilst no significant governance failings were identified, members approved a number of improvement actions to be undertaken. The table below contains the actions and works done to date to progress them.

Theme	Areas for improvement	Suggested improvement	Progress
Process/ System	Failure to identify, monitor and report of fraud risks facing the Authority	To develop the Council's approach to fraud following the assessment of the Council's arrangements against Fighting Fraud and Corruption Locally 2020-2025	To be undertaken in quarter 4.
	Failure to have a system in place to ensure key corporate policies are regularly reviewed, version controlled and remain up to date and accurate.	Devise and implement a corporate process to ensure all staff revisit key policies so a good level of awareness is maintained across the organisation	The ideal is to have a digital process of review, however, this will need development and other IT priorities need to be delivered first.  This risk is being mitigated manually at present and members will be aware a number of policies have been presented to Council and /or Cabinet this year for approval. In addition manual reminders have been sent to all directorates to review
	Contract Management System	Directors to ensure all contracts are entered onto the corporate CMS in a timely fashion including current "live" contracts.	The contract management system has been implemented however further development is required. It is intended to add additional steps to



# Agenda Item 5

			the CMS process to require the live contract information to be added before the process can be closed.
	Risk Management	A range of reports to be developed to allow Directors to challenge data held with GRACE including partnership, project and operational risks.	This is now complete, however instead of reports, a Directorate Dashboard has been developed and is provided to Directors for use at Management Team Meetings which includes all relevant information.
	Cyber Security, use of ICT equipment and system access	<p>Once approved, awareness of the contents of the Shared Information Security Framework should be raised using all communication methods.</p> <p>A programme of Cyber security training sessions should be developed and delivered to highlight to all officers and members the risks faced by the council.</p> <p>Align where appropriate all IT forms and processes across the shared council environment.</p>	<p>The timing for this work will be confirmed.</p> <p>The Shared ISF has been developed but it has felt important to time the training on it to the roll out of the new IT environment and equipment.</p> <p>This review is in progress with all forms and processes currently being considered.</p>
Staff development	Equality	Once approved, the refreshed equality framework should be rolled out including training and updating of EIAs on website	Complete. The revised Equality Framework was approved and implemented this year.
	Organisational Development	OD to ensure monitoring reports are issued to Directors on a regular basis. This is to include monitoring of compliance with	Complete. Reports are issued in accordance with the recommended improvement.

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	OD Strategy to be developed (May 22) Mandatory training modules to be completed in full	new HR policies and processes.  All Directors to ensure all mandatory training is completed within the agreed timescales.	The Learning Hub provides reporting to Directors, Service Leads and Managers concerning the completion of mandatory training.
Corporate	Constitution	Constitution to be reviewed and updated where applicable.	A constitution working group is being established to meet in quarter 4
	Business continuity	To put forward a business case for the future management of business continuity to standardize and align process across the two authorities.  To establish a forward plan of testing to ensure plans are robust, encompass all council activity and are fit for purpose.	Complete  Additional temporary resource has been provided to the EP /BC team and alignment works undertaken. Training has been provided to staff in December 2022 on the new processes and Resilience Direct.  A training plan has been developed with duty officers having received training in the third quarter of 2022/23.  An emergency planning exercise held jointly with Chorley BC is to be held in quarter 4.

## Comments of the Statutory Finance Officer

7. There are no financial implications in this report.

## Comments of the Monitoring Officer

8. This is an update report to show progress of implementation of recommended improvements as such there are no comments.

# Agenda Item 5

Report Author:	Email:	Telephone:	Date:
Chris Moister (Director of Governance)	chris.moister@southribble.gov.uk		22.12.22

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# Agenda Item 7

By virtue of paragraph(s) 1, 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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