

<b>Minutes of</b>	<b>Governance Committee</b>
<b>Meeting date</b>	<b>Tuesday, 26 July 2022</b>
<b>Committee members present:</b>	Councillors Colin Sharples (Vice-Chair), Damian Bretherton, Alan Ogilvie, David Shaw, Margaret Smith and Kath Unsworth
<b>Officers present:</b>	Chris Moister (Director of Governance), Louise Mattinson (Director of Finance and Section 151 Officer), Steve Kenyon (Senior Management Accountant), Tony Furber (Principal Financial Accountant) and Coral Astbury (Democratic and Member Services Officer)
<b>Other attendees:</b>	Councillors Paul Foster, Keith Martin and Phil Smith and Jane Bell (attended virtually) and Mick Titherington (attended virtually)
<b>External Auditor:</b>	Matt Derrick (Grant Thornton PLC)
<b>Public:</b>	0

A video recording of the public session of this meeting is available to view on [YouTube here](#)

## **10 Apologies for absence**

Apologies were received from Councillor Ian Watkinson (Chair). Councillor Colin Sharples (Vice-Chair) chaired the meeting.

## **11 Declarations of Interest**

There were no declarations of interest.

## **12 Minutes of meeting Tuesday, 24 May 2022 of Governance Committee**

Councillor Smith referred to an action on the previous minutes, regarding information on a complaint referred to the Local Government Ombudsman and asked if the action had been completed. The Director of Governance apologised and agreed to provide the information after the meeting.

### **Resolved: (5:0:1)**

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

## **13 Audit Progress report and Sector Update**

The Council's External Auditors, Grant Thornton PLC, presented a report that provided members with an update on audit progress and a general sector update.

The External Auditor explained that the detailed audit plan had been issued in May. The External Auditor's would be preparing to start the final audit Mid-August, with a view to reporting back to members by the deadline of 30 November, alongside the opinion on value for money.

In response to a member enquiry, the External Auditor advised that no further issues had been identified which could impact the audit. The Auditors would be requesting the necessary evidence to start the audit in the next few weeks. A workshop had been held with Finance Officers in May to try and alleviate some of the issues experienced with the quality of evidence for audit.

Members asked the External Auditor his view on having independent persons attending Governance Committee. In response, the External Auditor explained that an independent member would provide a different perspective and skill set, more information could be given to members if requested.

**Resolved: (Unanimously)**

That the report be noted.

**14 Treasury Management - Annual Report (2021/22) & Quarter 1 Monitoring (2022/23)**

The committee considered a report of the Director of Finance that sought to present the outturn for Treasury Management activity in the financial year 2021/22 and monitoring information in respect of the first quarter of 2022/23.

The Deputy Director of Finance explained that overall, 2021/22 mirrored 2020/21 with high levels of cash balances due to COVID grant funding. The authority had seen an average daily balance of £58 million which was increased from last year. Although the authority had more money there was less yield on investments as other authorities did not need to borrow. The authority had gained a return of £87,000 which was down from the previous year. In relation to capital financing, one project required £1.3 million which was financed internally without the need for external borrowing.

Members noted that interest rates are increasing, with forecasts suggesting it will reach 2.75% by 2023. The average investment balance over the first quarter of the financial year was £54.017m, on which interest of £72k (0.54%) had been earned.

The Deputy Director of Finance explained that no third party limits had been breached and a formal report would be presented in November.

Members thanked the Officers for a comprehensive report.

Members sought clarification on who makes the decision to invest, in response the Deputy Director of Finance explained that the decision would be taken by Treasury Management Staff within the confines of prudential indicators. The decision would be made based on advice received daily from brokers and external advisors.

In response to a member enquiry, the Deputy Director of Finance explained that a second Capital Outturn report had been presented to Cabinet which provided further

detail on the Capital Programmes which had been delayed or moved into future financial years.

**Resolved: (Unanimously)**

That the report be noted.

**15 Draft Core Financial Statements 2021/22**

The committee considered a report of the Director of Finance and Section 151 Officer that presented the Draft Core Financial Statements for 2021/22, together with key supporting notes, and to advise Members in respect of the statutory requirements for signature, audit, inspection and publication of the statement.

In response to a member enquiry, the Principal Financial Accountant advised members that the movement in reserves statement on page 52 detailed where the earmarked funds were held.

The Principal Financial Accountant referred to the balance sheet and explained there had been a significant movement against the net pension liability. The long term liability had gone from £37.3 million to £28.7 million.

Members sought clarification on the figure of £1.8 million which had been included for city deal and asked for the reasoning behind it. The Principal Financial Accountant explained he would provide this information outside of the meeting.

**Resolved: (Unanimously)**

That the report be noted.

**16 CIPFA Resilience Index 2020/21**

The Interim Deputy Director of Finance presented a report that provided information on the latest CIPFA Resilience Index (2020/21) in comparison to the previous published index (2019/20).

The Interim Deputy Director of Finance explained the purpose of the Index was to provide assurance as to the financial health of the organization by taking a number of key indicators and comparing them against comparative groups. The assessment would also be provided to the External Auditor's to assist them with their work on Value for Money.

In terms of financial sustainability, the authority was in a strong position. South Ribble was paying low interest rates, which was expected as the authority has no long term debt. The Interim Deputy Director of Finance explained that some projects within the capital programme would need external funding but each case would be judged upon its own merits and funded in a way that is best for the project.

Members received the report positively and commented on the need to be careful when borrowing funds in order to remain in a strong position. The Interim Deputy Director of Finance reassured members that each case would be assessed on its own merits taking all factors into consideration.

**Resolved: (Unanimously)**

That the report be noted.

**17 Strategic Risk Register**

The Director of Governance presented a report of the Deputy Chief Executive that sought to provide Members with an updated Strategic Risk Register, which includes 16 strategic risks to the Council, including actions in progress as well as new actions planned to further mitigate identified risks.

The Director of Governance explained the purpose of the report is to provide information and assurance to members that the risk register was a living document and reviewed regularly and updated. Three risks had been updated with R1, R2 and R8 seeing a reduction in inherent risk and two risks; R6 and R16 had seen an increase in risk score.

Members asked what was being done to encourage individuals to come and work for the authority. In response, the Director of Governance explained that Officers were looking at retention of staff, staff retention within the market was volatile and private sector were offering greater financial opportunities. The authority had developed a salary structure which is job evaluated in accordance with policies and processes which would be difficult to depart from. Internally, a People Strategy has just been developed and launched which focuses on ensuring current staff feel valued and are given development opportunities.

In response to a member enquiry on R7 Cyber Security, the Director of Governance explained that there are a programme of activities planned, including independently undertaken penetration testing on IT systems to ensure robustness.

Members asked if it would be possible to see figures on staff absence due to sickness. The Director of Governance advised he would provide this information outside of the meeting.

Members stated they would like to see an action on the Risk Register in relation to Climate Change and Air Quality. The Director of Governance explained that he would take the comment to the relevant Director for further consideration.

**Resolved: (Unanimously)**

That the report be noted.

**18 Centre for Governance and Public Scrutiny - Review**

The committee considered a report of the Director of Governance and Monitoring Officer that sought to present the report prepared by the Centre for Governance and Public Scrutiny (CfG&PS) following an independent review of the changes the Council has implemented to its governance environment.

The Director of Governance explained that the CfG&PS recommended a member workshop to be held to enable members to give input into the recommendations and to gain background knowledge into the reasoning behind them. Any

recommendations to arise out of the workshop would be owned by the Council and it is important that members take an active role.

Members agreed with the recommendations in relation to public participation and stated that public participation should happen prior to the debate by members and decisions being taken.

Members asked if any work to refresh the joint protocol on Governance Committee and Scrutiny Committee was planned. In response, the Director of Governance explained the workshop would review the proposed recommendations from CfG&PS and members would be given an opportunity to feed into the recommendations and agree any appropriate actions.

Members referred to the report in which concern was raised about the role of committee chairs and asked for further information on what committee the CfG&PS was referring too and what discussion ventured outside the remit of the committee. The Director of Governance confirmed he would request the information from CfG&PS.

**Resolved: (Unanimously)**

1. Members of the Committee received the recommendations and findings in the report and note the further presentation to members through a workshop facilitated by the CfG&PS.
2. That the membership of the workshop be as follows:
  - a. Leader of the Council
  - b. Deputy Leader of the Council
  - c. Leader of the Opposition
  - d. Deputy Leader of the Opposition
  - e. Leader of the Liberal Democrats
  - f. Mayor
3. It is agreed that following the workshop, a report be taken to full council to review and approve the recommendations, actions and proposed responses to further implementation.

Chair

Date