

Report of Governance Committee

1. I am pleased to present the general report of the Governance Committee summarizing the business which was considered on 26 July 2022.
2. Please note that the report may not reflect the wording used in the minutes, as they have yet to be formally agreed.

Audit Progress Report and Sector Update

3. The committee considered a report of the Council's External Auditor, Grant Thornton who gave members an update on audit progress and the general sector.
4. A detailed audit plan had been issued in May and the External Auditors 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.
5. We 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.

Treasury Management – Annual Report (2021/22) & Quarter 1 Monitoring (2022/23)

6. 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.
7. Overall, we noted that 2021/22 mirrored 2020/21 with high levels of cash balances due to COVID funding. The authority had seen an average daily balance of £58 million which was increased from last year.
8. We were advised 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.

Draft Core Financial Statements 2021/22

9. 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.
10. We were advised that there had been significant movement against the net pension liability, with the long-term liability going from £37.3 million to £28.7

million.

11. We sought clarification on the figure of £1.8 million which had been included for city deal and asked for the reasoning behind it.

CIPFA Resilience Index 2020/21

12. 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).
13. The Interim Deputy Director of Finance explained the purpose of the Index was to provide assurance as to the financial health of the organisation 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.
14. We noted that South Ribble are paying low interest rates, which was expected as the authority has no long term debt. We were advised that some projects within the capital programme would need external funding, but that each case would be judged upon its own merits.
15. Overall we received the report positively and commented on the need to be careful when borrowing funds in order for the authority to remain in a strong position.

Strategic Risk Register

16. We considered a report of the Deputy Chief Executive that provided us 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.
17. 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.
18. We 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.

19. We advised that we would like to see an action on the Risk Register in relation to Climate Change and Air Quality.

Centre for Governance and Public Scrutiny – Review

20. The committee considered a report of the Director of Governance and Monitoring Officer that sought to present the report prepared by the Centre of Governance and Public Scrutiny following an independent review of the changes the Council has implemented to its governance environment.
21. We noted that the Centre had recommended a member workshop be held to enable members to give input into the recommendations and to gain background knowledge into the reasoning behind the recommendations.
22. We agreed with the recommendations from the Centre in relation to public participation and stated that public participation should happen prior to the debate by members and decisions being taken.
23. We asked if any work to refresh the joint protocol on Governance Committee and Scrutiny Committee was planned. The Director of Governance explained that the workshop would review the proposed recommendations from the Centre and members would be given the opportunity to feed into the recommendations and agree any appropriate actions.
24. We referred to the report in which concern was raised about the role of committee chairs and asked for further information on what committee the Centre was referring too and what discussion had ventured outside the remit of the committee.
25. I would like to recommend that Council note the report.

Councillor Colin Sharples
Vice-Chair of the Governance Committee

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