

Governance Committee

Meeting held at 6.00pm on Wednesday, 28th June, 2017 in Wheel Room, Civic Centre, West Paddock, Leyland, PR25 1DH

Present:-

Cllr A F Ogilvie (in the chair), Cllr D Bird, Cllr P A Foster, Cllr J Patten, Cllr Mrs M R Smith, Cllr Mrs K Walton

In Attendance:-

Garry Barclay (Head of Shared Assurance Services), Caroline Elwood (Interim Governance Manager), Susan Guinness (Head of Shared Financial Services), Dawn Highton (Principal Auditor), Lee Hurst (Principal Systems & Financial Accountant), David Whelan (Legal Services Manager) and Dave Lee (Democratic Services Officer)

Also in Attendance: Councillor Mrs Snape (Cabinet Member for Finance) and Mark Heap from the Council's external auditors Grant Thornton

Public Attendance:-

2

Officers:-

3

Other Members: Councillors Clark, Hughes, Mrs Mort, P J Smith and Walton

Minute No.	Description/Resolution	Action By/Deadline
1	Apologies for Absence There were no apologies reported.	
2	Declarations of Interest There were no declarations of interest.	
3	Minutes of the Last Meeting RESOLVED (unanimously): that the minutes of the meeting of the committee held on 12 April 2017 be approved as a correct record and signed by the chairman.	
4	External Audit - 2017/18 Fees letter The chairman welcomed Mark Heap from the Council's External Auditors, Grant Thornton. The external auditor provided a brief outline of the 2017/18 fees letter and indicated that there were no changes to the overall work programme for local government audited bodies for 2017/18. Public Sector Audit Appointments Limited (PSAA) had therefore set the 2017/18 scale audit fees at the same level as the scale fees applicable for 2016/17 (£43,923).	

	<p>The audit planning process for 2017/18, including the risk assessment, would continue during the course of the year and the fees would be reviewed and updated as necessary as the work progresses.</p> <p>The committee was pleased to note that the scale audit fees for 2017/18 had been set at the same level as last year.</p> <p>RESOLVED (unanimously): that the Council's scale fee for 2017/18 set by PSAA at £43,923 be noted.</p>	
5	<p>External Audit - Audit Progress Report</p> <p>The external auditor presented the progress report and provided a brief summary of emerging issues and developments in the report.</p> <p>The external auditor drew the committee's attention to the technical matters some of these being CIPFA's Code of practice and accounting arrangements; current publications from National Audit Office and Grant Thornton; and the reports relating to local government.</p> <p>In respect of various challenge questions for the Financial Services Team, the committee noted that this would go through a rigorous process and that the changes to guidance notes from external auditors and CIPFA would be considered and taken into account.</p> <p>The committee further noted that it was envisaged that the audit would be completed by 31 July as part of the transition to the earlier closedown and audit cycle that was required from 2018.</p> <p>With regard to the Chief Financial Officer (CFO) Insights, the external auditor indicated that he was happy to arrange a demonstration of the tool/work package.</p> <p>RESOLVED (unanimously): that the progress report be noted.</p>	
6	<p>Budget Management Out-turn Report 2016/17</p> <p>The Head of Shared Financial Services presented the report, explaining that this had been prepared to notify members of the 2016/17 Budget Out-turn position in relation to both Revenue and Capital expenditure. The core financial statements relating to this year-end position including information on the balance sheet were also reported for completeness and in line with best practice.</p> <p>A discussion ensued on the Income Budgets as set out in the report and the Head of Shared Financial Services indicated she would look into the comments/queries raised at the meeting. A detailed response would then be provided at the forthcoming members' briefing session.</p> <p>RESOLVED (unanimously): that –</p> <ol style="list-style-type: none"> 1. the contents of the report and appendices be noted; 2. the budget variances for 2016/17 as listed at Appendix A be noted; 	

	<p>3. that the budget items listed at Appendix B to be carried forward to 2017/18 be approved;</p> <p>4. the financing of the capital programme for 2016/17 and the carry forward of capital re-phasing into 2017/18 as outlined in this report be approved; and</p> <p>5. the retention of reserves at Appendix D together with the proposed contributions to and withdrawals from these reserves as detailed within the Core Financial Statements and within this report be noted.</p>	
7	<p>Treasury Management Annual Report 2016/17</p> <p>The Head of Shared Financial Services presented the report, explaining that the current regulatory environment concerning treasury management places a greater onus on members to scrutinise treasury policy and activity. To enable that, each year the Council was required to consider, as a minimum, three treasury reports. These consist of an annual strategy statement in advance of the year (Council 2 March 2016), a mid-year review of that strategy (Governance Committee 21 September 2016), and finally this out-turn report.</p> <p>The committee was pleased to note that the key messages within this report were that Prudential and Treasury Indicators were complied with and that the return on investments totalled 0.57% which exceeded the 7-day LIBID benchmark of 0.21%.</p> <p>RESOLVED (unanimously): that the report be noted.</p>	
8	<p>Draft Annual Governance Statement</p> <p>The Legal Services Manager presented the Draft Annual Governance Statement (AGS) for 2017 which provided assurance on the standards of corporate governance spanning all the Council's priorities and covering all activities.</p> <p>A great deal of work had been done in the last 12 months to strengthen and improve the Council's governance arrangements. Much had already been achieved but this was an ongoing process and the Council would continue to be as robust as possible.</p> <p>The Legal Services Manager added that this year's AGS (Appendix A to the report) was a more detailed document than in previous years and external audit would have the opportunity to comment on this. The intention was then to bring the document back in final form for approval at the Governance Committee on 13 September 2017.</p> <p>The Legal Services Manager provided an overview of the seven new principles of the new Local Code of Governance, the key developments of the last 12 months and the actions carried out from the 2016 AGS/remaining actions carried forward.</p> <p>The committee was pleased to note that further information on the Governance, Risk Assessment & Control Evaluation software (GRACE) would be</p>	

	<p>brought back to the committee for consideration. The system would enable continuous risk and control self-assessment by services.</p> <p>RESOLVED (unanimously): that the Draft Annual Governance Statement be noted.</p>	
9	<p>Core Financial Statements for Year Ended 31 March 2017</p> <p>The Principal Systems & Financial Accountant presented the draft Core Financial Statements. These statements would form part of the Council's year end statutory Statement of Accounts (SOA) for 2016/17 which must be signed and authorised for issue by the Acting Chief Finance Officer by the 30 June 2017. Members were asked to provide the Principal Systems & Financial Accountant with any detailed questions prior to the Members' Statement of Account training on 13 July 2017.</p> <p>The committee was pleased to note the progress towards meeting the earlier statutory deadline for approval and publication of the SOA in time for its 2017/18 introduction.</p> <p>The committee and the Head of Shared Financial Services congratulated the Principal Systems & Financial Accountant and the Accountancy Team for the excellent work they have undertaken for producing the Statement of Accounts earlier to meet the statutory deadline.</p> <p>RESOLVED (unanimously): that the report be noted.</p>	
10	<p>Corporate Risk Register 2017/2018</p> <p>The Head of Shared Assurance Services presented the Council's Corporate Risk Register for 2017/18 which was approved by the Cabinet on 20 February and by Council on 1 March 2017.</p> <p>The committee welcomed the more detailed contents of the risk register. This was complementary to the Corporate Plan.</p> <p>The Head of Shared Assurance Services responded to questions on key risks and the various levels/control of these risks. Further details would be incorporated in the GRACE software to address the matter. The committee felt that City Deal should be identified as a separate strategic risk.</p> <p>RESOLVED (unanimously): that the contents of the Corporate Risk Register for 2017-18 approved by the Cabinet on 20 February and Council on 1 March 2017 be noted.</p>	
11	<p>Review of Constitution - Introduction and Short Guide & Decision Making</p> <p>Following the request of the Governance Committee on 1 February 2017 and consideration by the committee's Constitution Review Task Group at its</p>	

	<p>recent meeting to review the Council's Constitution, the committee received the proposed amendments to both the Introduction and Short Guide to the Constitution and the Guide to Decision Making. This would then be submitted to the Council meeting to be held on 19 July 2017 for approval.</p> <p>The Interim Governance Manager responded to questions and comments from the committee.</p> <p>RESOLVED (unanimously): that –</p> <ol style="list-style-type: none"> 1. the draft Introduction and Short Guide to the Constitution and the Guide to Decision Making at the Appendices A & C respectively to the report be agreed; and 2. this now be recommended for approval to the Council meeting to be held on 19 July 2017. 	
12	<p>Review of Constitution – Council Procedure Rules</p> <p>Following the request of the Governance Committee on 1 February 2017 and consideration by the committee's Constitution Review Task Group at its recent meeting to review the Council's Constitution, the committee received the proposed amendments to the Council's Procedure Rules. This would then be submitted to the Council meeting to be held on 19 July 2017 for approval.</p> <p>The Interim Governance Manager responded to questions and comments from the committee.</p> <p>The committee thanked the Interim Governance Manager for the excellent work undertaken.</p> <p>RESOLVED (unanimously): that –</p> <ol style="list-style-type: none"> 1. the draft Council Procedure Rules at Appendix B to the report be agreed; and 2. this now be recommended for approval to the Council meeting to be held on 19 July 2017. 	
13	<p>Review of Constitution – Planning Committee Terms of Reference & Public Participation</p> <p>Following the request of the Governance Committee on 1 February 2017 and consideration by the committee's Constitution Review Task Group at its recent meeting to review the Council's Constitution, the committee received the proposed amendments to the Terms of Reference and Public Participation for the Planning Committee. This would then be submitted to the Council meeting to be held on 19 July 2017 for approval subject to any comments/views by the Planning Committee at its next meeting on 5 July 2017.</p> <p>The committee noted that consideration of the matter was deferred by the Planning Committee on 20 June 2017 to enable members to submit comments in writing.</p> <p>The Interim Governance Manager responded to questions and comments from the committee.</p> <p>In respect of public participation, the Committee</p>	

	<p>suggested that borough/ward councillors should be invited to make representations after the applicant/agent had stated their case. The committee further commented that the term used for the length of time allowed for each party should be consistent.</p> <p>RESOLVED (unanimously): that –</p> <ol style="list-style-type: none"> 1. the comments made at the meeting be noted and that the draft Terms of Reference for the Planning Committee at Appendix B together with the Guidance on Participation by the Public & Members of the Council at Planning Committee at Appendix C be agreed in principle. 2. the final decision be delegated to the chairman/vice chairman to recommend this for approval to the Council meeting to be held on 19 July 2017 subject to any comments/views by the Planning Committee at its meeting on 5 July 2017. 	
14	<p>Social Media Protocol – Update</p> <p>The committee considered an update on the draft Protocol for the use of Social Media by Elected Members.</p> <p>This was approved by both the Standards and Governance Committees in February/April respectively however shortly after the committees had met, the Online Safeguarding Adviser to Lancashire Safeguarding Children’s Board had sight of the draft Protocol and, although complimentary about the draft as a whole, the Adviser suggested that it could be strengthened in a number of areas with safeguarding specifically in mind. This report incorporated the suggested changes. The committee noted that this matter was to be considered by the Council’s Standards Committee the following day (29 June 2017).</p> <p>The Interim Governance Manager responded to questions and comments from the committee.</p> <p>A discussion ensued on the Members’ Code of Conduct and whether the possibility of the introduction of a political groups’ charter for members to sign up to could be explored to strengthen the protocol further.</p> <p>RESOLVED (unanimously): that -</p> <ol style="list-style-type: none"> 1. the draft Social Media Protocol for all Members and the comments made at the meeting be agreed in principle. 2. the final decision be delegated to the chairman/vice chairman to recommend this for approval to the Council meeting to be held on 19 July 2017 subject to any comments/views by the Standards Committee at its meeting on 29 June 2017. 3. it be recommended to Council that all Members attend training on the effective and responsible use of social media. 	
15	<p>Internal Audit - Annual Report</p>	

	<p>The Head of Shared Assurance Services presented the report which summarised the work undertaken by the Internal Audit Service from April 2016 to March 2017; gave an Audit opinion on the adequacy and effectiveness of the Council's framework of control, risk management and governance; and provided an appraisal of the Internal Audit Service's performance including a review of the Council's internal control system.</p> <p>RESOLVED (unanimously): that the Internal Audit Annual Report for 2016/17 be noted.</p>	
16	<p>Compliance with International Audit Standards</p> <p>The Principal Auditor presented the report which aimed to enable the Governance Committee and the Chief Executive to provide a range of assurances being sought by the external auditors (Grant Thornton) as part of their audit of the Council's 2016/17 accounts. The specific assurances were set out in the letters appended to the report.</p> <p>RESOLVED (unanimously): that the chairman of the Governance Committee and the Interim Chief Executive be enabled to sign the assurance letters as requested by Grant Thornton.</p>	
17	<p>Weightmans Report on Leaking of Confidential Information</p> <p>(At the commencement of the meeting, the Legal Services Manager indicated that the purpose of this report was not to examine or comment on the behaviour of any of the members concerned. If there were issues with that then there were alternative procedures for dealing with such issues.)</p> <p>The Legal Services Manager presented the report on an investigation by external lawyers Weightmans into the circumstances relating to the leaking of confidential information. This primarily related to the leaking of the interim report into taxi licensing in April 2016.</p> <p>The report most importantly addressed how the Council could improve and strengthen its systems and processes for managing confidential information. In respect of arrangements for handling confidential data/reports, the Legal Services Manager suggest an additional action in the Action Plan to reflect this –</p> <p>“To review our arrangements for handling and distributing confidential data/reports and to make all necessary amendments to existing policies.”</p> <p>RESOLVED (unanimously): that –</p> <ol style="list-style-type: none"> 1. the report and appendices be noted; and 2. the Action Plan moving forward be agreed subject to the inclusion of the following addition action – <p>“To review our arrangements for handling and distributing confidential data/reports and to make all necessary amendments to existing policies.”</p>	

8.20pm

..... Chairman

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