

MINUTES OF GOVERNANCE COMMITTEE

MEETING DATE Thursday, 20 September 2018

MEMBERS PRESENT: Councillors Alan Ogilvie (Chair), James Patten (Vice-Chair), Paul Foster, Mike Nathan, Ian Watkinson and David Suthers

OFFICERS: Helen Seechurn (Interim Deputy Chief Executive (Resources and Transformation)/Section 151 Officer), Dianne Scambler (Governance and Member Services Team Leader), Heather McManus (Chief Executive), Dave Whelan (Legal Services Manager/Interim Monitoring Officer), Charlotte Lynch (Trainee Governance and Member Services Officer), Darren Cranshaw (Assistant Director of Scrutiny & Democratic Services), Simon Hardman (Grant Thornton PLC) and Mark Heap

OTHER MEMBERS AND OFFICERS: Councillor Mary Green (Leader of the Council and Leader of the Conservative Group), Councillor Michael Green (Member Champion (Community Engagement and Communications)), Councillor Keith Martin, Councillor Phil Smith and Councillor Susan Snape (Cabinet Member (Finance))

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23 Apologies for absence

Apologies were received from Councillor Carol Chisholm.

24 Declarations of Interest

Helen Seechurn, Interim Deputy Chief Executive (Resources and Transformation), declared that as she worked part-time for the Local Government Association, she would not take part in any discussion relating to Item 7: Combined Governance Committee Report on Terms of Reference and Development Plan.

25 Minutes of the Last Meeting

RESOLVED: (Unanimously)

That the minutes of the Governance Committee meeting held on 26 July 2018 be confirmed as a correct record for signing by the Chair.

26 Matters Arising from those Minutes

The Chair requested an amendment to minute 20, to clarify that the comments made were the Chair's own and were not on behalf of the Governance Committee.

27 External Annual Audit Letter

The Committee received a report of the External Auditor that provided an update on the audit of the financial statements and the Value for Money conclusion for 2017/18, as set out in the National Audit Letter.

The Annual Audit Letter repeated the External Auditor's intention as set out in the Audit Findings Report, which was issued in July, and confirmed their actions with regards to the previous Report.

The Chair questioned the Housing Benefit Grant Certification fee, which is awaiting confirmation, if there was any reason as to why this cost could be higher than planned. The External Auditor reported that there was nothing to suggest the fee would be higher than planned, and that work on the Housing Benefit Grant Certification would not be complete for another five weeks.

The Chair enquired about the difficulty in analysing overspend by service as a result of showing variances by type of spend rather than by service provision. The External Auditor commented that the Finance team ultimately decided on the format of the report.

RESOLVED: (Unanimously)

That the report be noted.

28 Audit Progress and Sector Update Report

The Committee received a report of the External Auditor detailing the progress being made in the delivery of their responsibilities as well as providing a wider sector update.

The External Auditor extended an invite to an event at the Auditor's offices in Manchester and Liverpool to the Committee members. The Cabinet member for Finance expressed her interest.

The Chair thanked the finance and audit teams for meeting the timescales of the 2017-18 audit, but enquired how the lessons learnt from the 2017-18 audit had been recorded to improve efficiency for the 2018-19 audit. The External Auditor commented that they would discuss the lessons and delivery of the audit with the Finance team and would coordinate monthly with the Shared Services Principal Financial Accountant.

The Chair asked if the detailed resource plan would be used again in future audits, to which the Shared Services Principal Financial Accountant confirmed and acknowledged the success of such action in regard to the 2017-18 audit.

The Chair also queried the Council's response to the Financial Resilience Index consultation, as highlighted within the report. The Interim Deputy Chief Executive (Resources and Transformation) stated that she had responded to the consultation.

The Cabinet Member for Finance stated that, as she had been on holiday, she was unaware that the Section 24 would be released and queried whether Members could be informed of such decisions prior to them being made. The External Auditor commented that the appropriate internal discussions had taken place beforehand but acknowledged that the timescales surrounding the publishing of decisions was short.

The final version of the Auditor's findings, that contained the issuing of the Section 24 letter, was only received by the Council one to two days before it was published on the agenda for the Governance Committee.

In response, the Cabinet Member for Finance asked if she could attend one of these meetings as she believed it may be useful for continuity purposes and extended an invite to the External Auditors to a meeting with the new Deputy Chief Executive (Resources and Transformation).

RESOLVED: (Unanimously)

That the report be noted.

29 Amended Investment Strategy Options 2018-19

The Committee received a report of the Interim Deputy Chief Executive (Resources and Transformation) that presented the performance of the Council's treasury investments in comparison with that of other councils. The report also proposed an amendment to the Investment Strategy for 2018/19, which required the approval of Full Council.

The Council's performance in the first quarter was broadly comparable with other councils but South Ribble earned slightly less than other Lancashire councils.

It was acknowledged that this performance was simply due to the prevailing market conditions and to some operational reasons. The Interim Section 151 Officer at the time was reluctant to place term deposits which would succeed her period of employment. With upcoming changes to the Management Team, it was anticipated that the Council will begin placing term deposits with the aim of matching, if not exceeding, the performance of other councils.

The Report proposed amending the Investment Strategy to increase the limit per Investment Counterparty from £5 million to £6 million. This amendment could facilitate access to additional banks with minimum investment levels and a potential higher return on investments.

It was highlighted that the Treasury advisors now recommended Standard Chartered Bank and Sumitomo Mitsui Banking Corporation Europe from the existing counterparty list as suitable banks to place term deposits within. These banks have not previously been used.

The Chair commented that he was comfortable with amending the limit to £6 million. The Chair suggested that members of the Council may benefit from a few clarifications being made to the Report when presented to Council for approval.

RESOLVED: (Unanimously)

That the Governance Committee recommend to Council that the amended limits per Investment Counterparty presented in Appendix C should be approved.

30 Combined Governance Committee Report on Terms of Reference and Development Plan

The Assistant Director of Scrutiny and Democratic Services presented a Review of the Committee Terms of Reference and Governance Committee Development Plan.

The report was part of the Committee's work in reviewing the Council's constitution at the suggestions of the Local Government Association (LGA), communicated in the recent Peer Review of the Council.

The report also recommended that budget monitoring information be presented to both Cabinet and Scrutiny Committee in the future, rather than the Governance Committee.

A development/action plan was discussed to aid committee members going forwards.

The Chair believed that this marked a return to how the budget monitoring report was presented a number of years ago.

RESOLVED: (Unanimously)

1. That the Committee approve the draft Part 2D – Terms of Reference – prior to submission to Full Council for their final approval.
2. That the Committee approve the Governance Committee development/action plan for implementation.

Chair

Date