

MINUTES OF	GOVERNANCE COMMITTEE
MEETING DATE	Thursday, 22 November 2018
MEMBERS PRESENT:	Councillors Alan Ogilvie (Chair), James Patten (Vice-Chair) and Michael Green
OFFICERS:	Janice Bamber (Interim Head of Shared Assurance Services), Gary Hall (Section 151 Officer), Charlotte Lynch (Trainee Governance and Member Services Officer), Dianne Scambler (Governance and Member Services Team Leader), Dave Whelan (Legal Services Manager/Interim Monitoring Officer), Mark Heap and Michael Jackson (Principal Management Accountant)
OTHER MEMBERS AND OFFICERS:	Councillor Colin Clark (Cabinet Member (Corporate Support and Assets)), Councillor Mary Green, Councillor Keith Martin, Councillor Caroline Moon (Deputy Leader of the Council, Cabinet Member (Neighbourhoods and Streetscene) and Deputy Leader of the Conservative Group), Councillor Margaret Smith (Leader of the Council and Leader of the Conservative Group) and Councillor Phil Smith (Cabinet Member (Regeneration and Leisure))
PUBLIC:	0

31 Quorum

At the commencement of the meeting at 6pm, the Committee was not quorate.

The Council's Constitution states that:

"During any meeting if the minimum number is not present then the meeting will adjourn for 15 minutes. If, after 15 minutes, the minimum number of members are still not present the meeting will immediately adjourn to a fixed date and time or the next ordinary meeting." (Point 29.3, [South Ribble Borough Council Constitution](#)).

As a result, the meeting was adjourned for 15 minutes to allow Councillor Michael Green, who was running late due to business commitments, to make the meeting.

In the absence of any further Members being present after the adjournment the Chair, following consultation with the Legal Services Manager, made the suggestion for the meeting to take place against the following background:

- The first two reports did not require any substantive decision to be made, but rather asked that the Committee note the report.
- The third item (Item 6) required a decision be made as to whether the Committee would recommend to Council the addition of LVNAV Money Market Funds to the list of approved Investment Counterparties.

- Councillor Michael Green was on route and had advised that he would arrive shortly.
- Following the meeting, all absent Committee Members would be emailed explaining the background to the meeting and asking for their acceptance of this and any decisions made. Should any Committee Member object, then any decision taken of the night would be rendered void and a new Committee meeting would be scheduled.

Councillor Michael Green arrived at the meeting at 6:50pm and was present when deciding on Item 6.

32 Apologies for absence

Apologies for absence were received from Councillors Warren Bennett, Paul Foster, David Suthers and Ian Watkinson.

33 Declarations of Interest

None were declared.

34 Minutes of the Last Meeting

RESOLVED: (Unanimously)

That the minutes of the Governance Committee meeting held on 20 September 2018 be confirmed as a correct record for signing by the Chair.

35 First Internal Audit Interim Report

The Committee received a report of the Interim Head of Shared Assurance Services that provided an update on the progress made to the South Ribble and Shared Services Internal Audit Plans for the period April 2017 – September 2018 and provided an appraisal of the Internal Audit Service's performance.

The report indicated that the service was performing below target with regards to the percentage of planned time used and the percentage of audit plan completed. However, it was highlighted that targets had been exceeded in regards to the percentage of management actions agreed and the overall customer satisfaction percentage.

In response to the Chair, the Interim Head of Shared Assurance Services provided assurances that the team would be enhanced and have the necessary staff capacity to ensure that the Internal Audit Plan would be completed, as planned, by the end of the year 2018/19.

A review of the Internal Audit Services would be undertaken following the departure of two senior officers.

The Chair requested that the wording under the Status column of the Internal Audit Plans table, as shown in Appendix 1, be changed in future reports to say either 'late' or 'not due to start until...', as opposed to 'not started', for clarification purposes.

RESOLVED: (Unanimously)

That the report be noted.

36 Audit Progress Report and Sector Update

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 reported that workshops had taken place with staff from the Council's finance department, on key issues surrounding the audit. It was also reported that the auditing of the Council's Housing Benefit Subsidy Claim was currently underway and would be completed by 30 November 2018 as planned.

The Committee sought clarification regarding the ability of Local Government Authority Trading Companies (LATC's) to change terms and conditions of contracts with regards to pensions and decision-making powers. The Section 151 Officer acknowledged that he was not aware of any Local Authorities that had given decision-making powers fully to an LATC but advised that it would be possible to set specific parameters to establish a Board of Members.

The Chair queried if data on the number of councils in Lancashire, or more widely in England, with similar arrangements was available, to which the External Auditor responded that he would investigate. It was acknowledged that Pendle Borough Council had formed at least three LATC's and that Liverpool City Council's housing department used an LATC.

RESOLVED: (Unanimously)

That the report be noted.

37 Treasury Management Activity Mid-Year Review 2018-19

The Committee received a report of the Deputy Chief Executive (Resources and Transformation) that presented the performance of the Council's Treasury Management in the financial year 2018/19 to the end of September. The report also proposed a further amendment to the Investment Strategy for 2018/19, which required the approval of full Council.

South Ribble Borough Council's Average Interest earning rate to the end of September 2018 exceeded the target rate by 0.17%. It was acknowledged that this performance to September 2018 was a result of funds being held mainly in term deposits.

This figure did not exceed Link Asset Services' suggested rate of 0.75% but it is anticipated that South Ribble's earning rate will exceed this by the end of the financial year.

The report proposed that the Committee recommend to Council that Low Volatility Net Asset Value (LVNAV) Money Market Funds should be added to the list of approved Investment Counterparties due to enforced changes in legislation in January 2019.

In response to a query as to whether investments would have to be withdrawn and reopened once the new type of Money Market Fund was enforced from January 2019 onwards, and whether this would result in a loss of interest, it was confirmed that the funds would change status in mid-January but that if the recommendation was rejected by full Council the accounts would have to be closed and the funds placed into a lower interest Debt Management Fund.

The Vice-Chair referenced a breach of the maximum amount permitted in approved Investment Counterparties that occurred in June 2018 and September 2018 and questioned where the responsibility for this error lay, to which the Principal Management Accountant stated that two senior members of staff must be present when money is moved and that low staffing levels in September 2018 meant that no such persons were available. Further to this, the preceding Deputy Section 151 Officer was reluctant to place term deposits that would last for six months and thus succeed her employment.

Councillor Michael Green arrived at the meeting.

It was noted that these operational issues have been resolved and that increasing the limit from £5 million to £6 million would alleviate the risk of such issue occurring again.

Only one average Investment Activity rate exceeded the target rate, and it was queried what the Council's strategy was for exceeding all targets. It was explained that many term deposits were now maturing with cash to return within the following weeks, and that reinvesting this money with a Local Authority would help to exceed the target rate. It was acknowledged that banks such as Royal Bank of Scotland and HSBC cannot be used due to the high minimum investment levels.

RESOLVED: (Unanimously)

1. That the report be noted.
2. That Members of the Committee recommend to Council that Low Volatility Net Asset Value (LVNAV) Money Market Funds be added to the list of approved Investment Counterparties.

Chair

Date