

Governance Committee

1. This report summarises the business considered at the meeting of the Governance Committee held on 3 August 2022

External Audit Progress Report and Sector Update

2. We welcomed Georgia Jones, Grant Thornton to present the Audit Progress Report for 2021/2022
3. The planning and interim work is complete, the financial statement audit will begin upon receipt of the Financial Statement. The deadline for the signed off audit is 30 November 2022
4. The value for money deadline has been extended and is required to be signed off within three months of the Audit Option, which is to be delivered at the same time as the Financial Statement.
5. Housing Benefit Claim work is underway. There is a good working relationship between Grant Thornton and key officers in the council.
6. We noted the report.

External Audit Annual Report 2020/21

7. Georgia Jones presented the report.
8. The report was completed under the revised code of audit practice, issued by the National Audit Office, the report is a retrospective exploration into the arrangements that were in place at the council in 2021.
9. No significant weakness was identified in the areas of 'financial sustainability', 'governance' and 'improving economic efficiency and effectiveness'.
10. However, two improvement recommendations were made for 'financial sustainability' and one improvement recommendation was made for 'governance'.
11. We were informed that the recommendation to make a clear distinction between discretionary and non-discretionary spending is a common recommendation made and is noted that may not be standard practise for many to make the distinction however, to do so is considered good practice. However, the time and resources required is to be balanced against the benefit delivered.
12. A full opinion was not given due to the impact of Covid-19. Internal Audit did not have the capacity.
13. We noted the report.

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

14. Steve Kenyon, Deputy Director of Finance presented the Treasury Management Outturn Report (2021/22) and Quarter 1 Monitoring Report (2022/23)
15. The report summarised the treasury management activity over the 12 months of 2021/22 and the first three months of the current financial year. 2021/22 observed high cash balances because of Covid funds but a low yield on investments made due to global factors.
16. The council approached investment prioritising the security of public money, then the liquidity of funds and then interest generated. Interest is important but not at the expense of security or liquidity.
17. The average daily balance was £9.3 million, down on the previous year's figure of £13 million, which was due to the Covid funds.
18. Yield was 0.09% against a target of 0.1%. The council was not able to lend money to other councils due to the decrease in demand, with other councils also receiving Covid funding.
19. Cash return was £8,800 compared to £13,000 the year previous.
20. The capital programme is £24 million, the overall financing required is £14.7 million and a £10 million loan taken out at the end of 2021.
21. Interest rates increased for the first quarter of the financial year. Link Asset Services forecast increase rates to peak at 2.75%.
22. The first three months of the year observed the average daily cash balance reduce to £9 million, but the yield on investment increased to 0.58%, with a cash return of £13,700, which is greater than the 2021/22 figure.
23. No additional borrowing has been required in the first three months of 2022/23.
24. Uncertainty remains around the long term impact of Brexit, recovery of economies from the pandemic, and the war in Ukraine.
25. We noted the report.

Draft Core Financial Statements 2021/22

26. Tony Furber, Principal Financial Accountant presented the Draft Core Financial Statements 2021/22. The report highlights the process for the approval of the Statement of Accounts.
27. The draft was in an advance state and due to be completed and delivered imminently.
28. Clarity and explanation was given to the Business Rates Grant Exceptional Payment.
29. The pension deficit decreased from £55.5 million to under £44 million due to the £14.5 million surplus from the remeasurement of the pension fund asset.

30. We noted the report.

CIPFA Resilience Index 2020/21

31. Steve Kenyon, Deputy Director of Finance presented report and summarised the annual index compiled by CIPFA, the purpose is to provide an assurance of financial health.
32. Reports gathered throughout the year are used to group 12 councils that have similar social, demographic, and economic factors. Difficulty can exist with inconsistency in the way councils complete their statutory returns. However, Chorley is grouped with South Ribble and the shared finance service compile the reports for both allowing for accurate comparison.
33. The council scored 100 out of 100 for reserve sustainability. The council maintains 96.5% of its annual spend in reserve, placing the council 139th in the country and 10th in Lancashire.
34. All councils experienced an increase in reserves due to the receipt of Covid-19 funds.
35. The council's income stream from projects is healthy and can support the revenue budget, however, projects have been funded from borrowing and require interest payments.
36. The council was mid-table for external debt and scored high on fees and charges that relate to investment generated income. The council has a strong council tax base.
37. Business growth rate is healthy and demonstrates that Chorley is a place business' want to locate and grow.
38. The council is to continue monitoring business growth to support the annual budget, with more analysis to identify the top business' in the borough and which business' are migrating, developing, and growing.
39. The report provides independent assurance that the council is in a strong position and highlights the benefit of the council's investment.
40. We noted the report.

Strategic Risk Review

41. Rebecca Aziz-Brook, Transformation & Change Team Leader presented the report, and provided the annual update on the council's strategic risk register.
42. The greatest risks involve funding uncertainty due to the current economic situation, resource and capacity issues, skill shortages and cyber security.
43. To mitigate the risks, strong control measures and actions are in place which include the new People Strategy, the council's governance framework and the budget setting and monitoring process.
44. Since the last Strategic Risk Review, three risks have decreased and four increased. The decrease in risks is due to closer working relationships with partners. The

familiarity and adoption of digital and workplace strategies, and the reduction in risk from the Covid-19 pandemic.

45. The new People Strategy has been drafted and is to launch in September. Proposals are in place to launch the graduate and apprentice programme. Development days in September and October will enable staff to dedicate time towards skills and development.
46. We noted the report.

RIPA Application Update

47. Chris Moister, Director of Governance reported no RIPA applications have been made.
48. We noted the update

Recommendations

49. To note the report.

Councillor Debra Platt
Chair of the Governance Committee

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