



**RESOLVED** that the Minutes of the meeting of the Governance and Audit Committee held on 28 July 2015 be approved and signed as a correct record.

### **34 MEMBERS' DECLARATIONS OF INTEREST**

All Members present declared a non-pecuniary interest in the Members' Allowances discussion item.

### **35 MATTERS ARISING SCHEDULE SETTING OUT CURRENT POSITION OF PREVIOUSLY AGREED ACTIONS AS AT 9 SEPTEMBER 2015 (GA.24 15/16)**

Members gave consideration to the Matters Arising Schedule which set out the current position of all previously agreed actions as at 9 September 2015.

With regard to the green item, the Chairman confirmed that a consultation response had been sent and all Members of the Committee should have received a copy. A response was now awaited from the Boundary Commission.

**RESOLVED** that progress on the Matters Arising Schedule as set out in report GA.24 15/16, be received and noted.

### **36 DISCUSSION ITEM – MEMBERS ALLOWANCES' – TO INFORM THE WORK OF THE REMUNERATION PANEL**

The Chairman welcomed Mr David Lomas, Chairman of the Remuneration Panel, to the meeting. Members were advised that historically Mr Lomas's Panel had made recommendations to this Committee on the Members' Allowance scheme, prior to it having been submitted to Full Council for approval. There had been a general consensus that this process could have been viewed as impeding the impartiality intended and hence the Committee were now asked to express views to inform the work of the Panel in advance of recommendations being formed and submitted directly to Council.

Mr Lomas addressed the Committee, outlining the role of the Panel. He outlined in detail the impact and effect the financial crisis had had on the Panel's work, and how it was a prevalent and relevant consideration, the Panel had to take into account. Members were provided with details of the work the Panel, supported by Officers, undertook in reaching its recommendations, this included, comparing allowances paid by other similar local authorities; taking into account the increase offered to staff from government, as parity and public opinion were also relevant considerations; and consultation with Elected Members.

With regard to the latter, Mr Lomas, referred to previous criticisms of having not consulted with Members, but offered assurance that the opportunity was always afforded, providing examples, and would be again in preparing this year's report.

Members sought and received information on when Members would be consulted and how they could engage in the process. At the request of new Members the increases approved in recent years were summarised to the Committee. It was noted that for a considerable number of years no increase had been approved, in line with the freeze on Officer pay; more recently increases of 1% in-line with those seen by Officers had been applied.

In concluding the Chairman made reference to the new living wage and its effects on inflation and suggested that these may be factors the Panel may wish to take into consideration.

The Chairman and Committee thanked Mr Lomas for his attendance.

### **37 ISA 260 REPORT (EXTERNAL AUDIT) (GA.25 15/16)**

Consideration was given to a report from the Authority's Auditor KPMG, which presented their report to those charged with Governance (ISA 260 Report) in relation to the Statement of Accounts and Annual Governance Statement 2014/15.

In presenting the report, the Auditor outlined the headline findings to the Committee as detailed on page 3 of the report. Committee's attention was drawn to the Financial Statements and Proposed Opinion and Audit Differences section of the report detailed on page 4. Confirmation was given that the work regarding the accuracy of the Council tax income in the collection fund was now completed.

The External Auditor confirmed that all of the previous year's recommendations had been implemented. Finally the slippage in the capital programme, referred to on page 9 of the report was highlighted to Members together with the potential risk this could pose.

Committee sought further clarity from the External Auditor regarding the risks associated with the capital programme and the adjustments which had been referred to. The adjustments were again outlined and assurance was given that these were presentational in nature and as such did not affect the bottom line and had not given cause for concern.

Assurance was offered that any slippage referred to was not of major concern, and this was being effectively managed, referring Members to the overall conclusion reached as set out on page 9. The Section 151 Officer also offered reassurance that the delivery of the Capital Programme was reported to and monitored by the Corporate Policy and Resources Committee on a quarterly basis.

**RESOLVED** that the information contained within the report be received and noted.

### **38 AUDITED STATEMENT OF ACCOUNTS (GA.26 15/16)**

Members gave consideration to a report which presented the 2014/15 Statement of Accounts for scrutiny and adoption.

The Section 151 Officer summarised the overall financial position during which Members noted the following: -

- the revenue out-turn reflected a surplus of £1.532m;
- the Capital Investment totalled £1.711m;
- General Fund Revenue reserves had increased by £0.427m in 2014/15 to £14.818m with the General Fund working balance totalling £4.160m (£2.160m 2012/13) and which was supplemented by specific earmarked reserves of £10,658m (£12.231m 2012/13).

The amendments to the Statement of Accounts which had been made and which were summarised at Section 2 of the report were highlighted to the Committee.

The contents of the explanatory foreword were summarised to Members.

The Section 151 Officer placed on record his thanks to Mrs Bircumshaw and her team for producing the Statement of Accounts.

Members asked a number of technical and pertinent questions particularly around the movement in long term debtors and long term investments referred to on page 19. Explanation was offered with the long term investments been those recently made into the newly available property fund.

Long term property assets had taken a downtrend and reason for this was sought. Officers clarified this was in terms of the assets we owned and was down to market forces, depreciation and such factors. The property fund referred to earlier was not connected and was not investments into our own properties, but a fund into which local authorities could investment their monies, into commercial properties for better returns throughout the year.

Reason was sought as to why the income for environmental and regulatory services was down, despite other service areas seeing an increase. This was as a result of a number of services in the area being on a cost recovery basis only. It was also noted that the reduction in income had seen a reduction in expenditure in this area also.

In responding to Members' questions, the introduction of the long term debtors line related to the commercial loan offered to Quickline.

Concerning the pension liability, Members considered the increase to be significant one and sought further details and clarity as to whether this trend would continue. Officers gave assurance that the figure referred to was not the amount the authority had to pay and this was an accounting presentation issue and used as a comparator. Assurance was given that arrangements were in place to manage any deficit in the fund over the next 20 years.

The Chairman sought indication as to how much Council Tax was outstanding and where this was reflected in the accounts. Officers confirmed the Authority's collection rate was above 98%, amounting to £700,000 outstanding.

In concluding the External Auditor advised that he would recommend the Committee include a further recommendation permitting the S151 / Chair of Governance and Audit Committee to agree any changes that may be required. Although this was unlikely, it would prevent Committee having to reconvene and potentially miss the legal deadline of 30 September. Such changes, if required would be reported to all Members of the Committee.

On that basis it was : -

**RESOLVED** that:

- (a) having reviewed the Statement of Accounts, attached to report GA.26 15/16 it be confirmed that there are no concerns arising from the Financial Statements that need to be brought to the attention of the Council;
- (b) the Statement of Accounts for 2014/15 be approved;
- (c) the Section 151 Officer and the Chair of the Governance and Audit Committee be permitted to certify the letter of representation to the Council's Auditor, KPMG, on completion of the audit; and
- (d) the Section 151 Officer and the Chair of the Governance and Audit Committee be permitted to approve any further changes to the Statement of Accounts identified on completion of KPMG's work.

**39 INTERNAL AUDIT PLAN – MONITORING REPORT – PERIOD 2 (GA.27 15/16)**

The Committee gave consideration to a report which sought to update members of the progress by the Audit Partner, against the 14/15 annual programmes agreed by the Audit Committee in March 2014. The report further provided details of the audit work undertaken during the period; the current position with agreed management actions in respect of previously issued reports; and details of other audit activity relevant to the Committee.

The report advised on three audits having been completed during the period; two having received a substantial assurance rating, namely, Insurance and Effective Decision Making and one having received a major improvement needed rating, namely, the Development Management Improvement Plan. The outcomes of each audit were outlined to members in detail.

Debate ensued with the audit definitions and difference between “Major Improvement” and “Inadequate” ratings being clarified.

In response to Members’ comments and concerns regarding the Development Management Team, the Chief Operating Officer advised of work undertaken to date to address the issues set out in the Executive Summary, attached at Appendix 2 of the report. A two-prong approach had been adopted comprising “quick-wins” and “longer term” actions.

The backlog of applications were being addressed on a risk based approach. The team had been split into two teams, one assigned to deal with the backlog and one to deal with current applications. Customer Service staff had contacted all applicants whose applications may be affected; and a recruitment exercise was underway to increase capacity within the department.

Longer term actions had been put on a project footing, as had been recommended, and therefore were being closely monitored by the relevant board. External help had also been sourced by way of a Peer Challenge. This would commence on 21 October 2015, lasting for three days. A number of Members would be invited to participate in the review and Officers indicated further details would be provided to Members in due course.

Finally it was noted that the findings of the Peer Challenge would be used to form a further improvement plan with a view to achieving long term sustainability and continued improvement within the service.

Further debate ensued during which information was sought around the Lincolnshire Counter Fraud Partnership and the effectiveness of the Co-ordination Delivery Group (CoD).

In response Officers confirmed that with regard to the Counter Fraud Partnership, West Lindsey had made a bid, the details of which were outlined, and the outcome was awaited. Furthermore confirmation was given that the Committee would be receiving a Fraud Awareness Session before the New Year.

In regard to the CoD Officers advised revised terms of reference had been agreed, a new membership had been established and the group was considered to be working far more effectively.

In concluding and referring to the number of outstanding audit actions, the Vice Chairman commented on the downward trend and sought assurance that capacity was not a factor in this. However, this concern was not shared by the Chairman, who outlined to newer Members of the Committee, historically what had been the position and the significant progress the Authority had made in reducing the number.

**RESOLVED** that having considered the report its contents be noted.

#### **40 OUTCOME OF THE AUDIT INTO CONTRACT MANAGEMENT (GA.28 15/16)**

Members gave consideration to a report which sought to update Committee on the progress with implementing the actions from the recent Contract Management Audit to give assurance that the issues identified in the audit were being addressed.

Members asked a number of questions around the “Firefly” system, seeking assurance that the development issues, which had previously been notified to the Committee, had or were being resolved / progressed. Officers responded accordingly and assurance was received. It was also noted that the targets set out at sections 3.3, 3.4, and 3.5 of the report were all progressing on target also.

**RESOLVED** that having assessed the actions taken the Committee be assured that they will address the issues identified by the Audit.

#### **41 ANNUAL GOVERNANCE STATEMENT 14/15 – (GA.29 15/16)**

Members gave consideration to a report which presented the draft Annual Governance Statement 2014/15 for approval.

In presenting the report Officers outlined the sources of information used to develop the Statement, the resulting issues identified, as set out in Section 5.1 of the report and highlighted the associated Action Plan which had been developed in response and through which the Committee would track progress over the year.

In the ensuing debate concern was expressed regarding the absence of a “relevant and coherent” Asset Management Plan, particularly if the Council was to take a proactive approach and meet its aspirations of being a Commercial Council. In responding, Officers updated the Committee on the current position of the Plan’s development advising it was due for Committee consideration later in the month and therefore subject to approval it was completed.

**RESOLVED** that:

- (a) the Annual Governance Statement for 2014/15 and the associated Action Plan be approved; and
- (b) the Action Plan for 2013/14 (with the exception of the actions pertaining to the Local Plans Team and Asset Management) be signed off as completed.

#### **42 ENGAGEMENT OF CONSULTANTS AND AGENCY STAFF (GA.30 15/16)**

Members received an update on the expenditure incurred during 2014/15 on the engagement of temporary / agency staff and consultants.

Members noted the difference between Consultants and Agency Staff and the differing nature of the roles they were often appointed to undertake.

It was noted that the Authority had gone through a period of significant change and its transformational and entrepreneurial aspirations and activity could often require specialists skills, on a short term basis often.

Finally, it was noted that as a result of having used experts, the Council had been successful in attracting £150k of grant funding.

**RESOLVED** that the contents of the report be noted.

#### **43 MEMBER INDUCTION / MEMBER TRAINING UPDATE (GA.31 15/16)**

Committee gave consideration to a report which informed Members of attendance and feedback from the Induction Programme. The report further sought suggestions for future Induction and Member Development Events.

Lengthy discussion ensued and Members offered the following comments: -

- There had been a visible improvement in both style and quality of the sessions offered throughout the induction;
- That there should be better liaison with the County Council, making use of shared sessions and sharing training files for dual-hatted members
- That as a whole the induction had been good, however the production of development plans often proved difficult. Whilst there were a number of tried and tested methods, engagement could often prove difficult.
- With regard to in-year training, particularly for Governance and Audit Committee Members, having training provided only hours in advance of the meeting was not preferable, as it did not provide Members with the opportunity to reflect on what they had learnt, revisit their papers and make notes in advance of the meeting. It was suggested that training events of this nature, in the future be held several days before the meeting.
- That slides and training material be made available on the Members' Portal as soon as possible after training events.

In concluding the item, the Chairman encouraged all Members to attend all training provided, indicating we should be striving for a much increased attendance level. It was also suggested the induction programme, in future years, should include a mock Council Meeting.

**RESOLVED** that having reviewed the contents of the report, Members comments, as detailed above be borne in mind when producing the next induction programme and in developing Member Development Plans.

**Note:** Councillor Hugo Marfleet, declared a non-pecuniary interest in the above item of business as Chairman of Member Development at the County Council



**44 AMENDMENTS TO THE CONSTITUTION (GA.32 15/16)**

Consideration was given to a report advising of a proposed amendment to the Constitution namely; the time by which motions to Council must be submitted to the Chief Executive.

**RESOLVED** that it be **RECOMMENDED** to Council that the Constitution be amended to state that Motions to Council must be received seven clear working days prior to the meeting (excluding the day of the meeting).

**45 WORK PLAN (GA.33 15/16)**

Members considered their work plan for remaining meetings during the ensuing civic year.

**RESOLVED** that the work plan as at 9 September 2015 be noted.

The meeting concluded at 9.08 pm.

Chairman