

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Governance and Audit Committee held in the Council Chamber - The Guildhall, Marshall's Yard, Gainsborough, DN21 2NA on 17 January 2017 commencing at 2.00 pm.

Present: Councillor Giles McNeill (Chairman)
Councillor Jackie Brockway (Vice-Chairman)

Councillor Sheila Bibb
Councillor David Bond
Councillor John McNeill
Councillor Mrs Angela White
Alison Adams
Peter Walton
Andrew Morriss

In Attendance:
Ian Knowles Director of Resources and S151 Officer
Alan Robinson SL - Democratic and Business Support
Tracey Bircumshaw Financial Services Manager
James O'Shaughnessy Team Manager BI and Corporate Governance
Katie Coughlan Governance and Civic Officer
Jana Randle Governance and Civic Officer

Also in Attendance:
Mike Norman KPMG – External Auditors
John Sketchley Internal Audit – Lincolnshire County Council
Matthew Waller Internal Audit – Lincolnshire County Council

55 PUBLIC PARTICIPATION

There was no public participation. However the Chairman advised that Mr Steve Taylor had intended to attend the meeting to pose a question to the Committee. Unfortunately he was not now able to attend. It was suggested that Mr Taylor be advised to submit his question in writing in advance of the next meeting.

56 MINUTES OF PREVIOUS MEETING

- (a) Meeting of the Governance and Audit Committee held on 8 November 2016 (GA.38 16/17)

RESOLVED that the Minutes of the meeting of the Governance and Audit

Committee held on 8 November 2016 be approved and signed as a correct record subject to the following typographical error being amended as set out below : -

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“The Chairman indicated that with leave of the Committee, he intended to ~~the~~ vary the order of the agenda in that he wished to take agenda item 7 (j).....”

57 DECLARATIONS OF INTEREST

There were no declarations of interest made at this stage of the meeting.

58 MATTERS ARISING SCHEDULE

Members gave consideration to the Matters Arising Schedule which set out the current position of all previously agreed actions as at 9 January 2017.

During consideration of this item the following points were raised: -

- There had previously been a Matters Arising regarding an informal sub-group to look at the length and style of reports to the Governance and Audit Committee (Mr Morris and Councillor Mrs Brockway to be engaged). Members requested that this action be re-instated as progress had not been achieved.
- The Chairman advised of correspondence had with the Editor of the Welton Parish News regarding the Consultation on Governance Options. The concerns the Editor had raised had been resolved satisfactorily.
- Regarding Choice Based Lettings a Member expressed concern that the current position was affecting the Council’s reputation, as residents still often believed the letting of social housing was something undertaken by the Authority. Officers gave assurance that the Choice Based Lettings Partnership was being closely monitored.

RESOLVED that progress on the Matters Arising Schedule as set out in report GA.39 16/17 be received and noted.

59 CERTIFICATION OF GRANTS AND CLAIMS

Consideration was given to a report from the Authority’s Auditor KPMG, the headlines of which included: -

- Certification work had been undertaken on one claim / return, the Housing Benefit Subsidy claim.
- The certified value of the claim was £23,030,996

- The work had been completed and the claim certified on 28 November 2016

KPMG had made no recommendations to the Authority to improve its claims completion process.

RESOLVED that the information contained within report GA.40 16/17 be received, noted and accepted.

60 INTERNAL AUDIT MONITORING REPORT Q3

Consideration was given to a report which gave Members an update of progress, by the Audit partner, against the 2016/17 annual programmes agreed by the Audit Committee in March 2016.

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 two audits having been completed during the period; namely Traded Services, receiving substantial assurance, and NNDR City of Lincoln Review, receiving high assurance. The outcomes of each audit were outlined to Members in detail, together with the in-year amendments which had been made to the Plan

The report further advised of the 6 audits currently in progress, 1 being at draft stage and 5 being work in progress. The internal auditor offered a further update advising that 3 were now in draft stage. Members were referred to the audit plan schedule table contained in Appendix 2 of the report for more detail. Good progress had been made in implementing audit recommendations, there were currently 11 overdue, five of which were high priority. A further three findings had been updated with revised dates. Members were referred to Appendices 3 and 6 of the report for further detail. Finally, other significant audit work undertaken during the period and going forward was also shared with Members, including information regarding forthcoming changes to Public Sector Internal Audit Standards (PSIAS).

Debate ensued and the Committee congratulated Officers on the Collection Rates achieved in respect of NNDR.

In response to Members' questions Officers advised that the Service Transformation Audit had been cancelled as the internal governance now operated through one single board. The operation of the Commercial Activity had been reviewed and management had been of the view that the service transformation audit would have resulted in duplication.

In response to Members' concerns as to where assurance was being taken from currently in the absence of the planned audit, Officers advised that assurance was received through the individual audits on individual projects. Project Management and Decision Making had both received substantial assurance the previous year.

It was accepted that this one single Board, the Entrepreneurial Board, would have to be

audited going forward.

The Internal Auditor further advised that both Trading Services and Commercial Activity had recently been audited and offered further sources of assurance.

Members requested that more detail be provided in the future around amendments to the Audit Plan and that they be kept informed of changes and progression made with the single board.

Referring to Appendix 6, outstanding recommendations, concern was expressed that a number of actions had the comment “officer unavailable for update” assigned to them.

The Committee requested that this document be updated and re-circulated by e-mail, in advance of the next meeting.

The Financial Services Manager verbally updated the Committee in regard to her outstanding action detailed in Appendix 6. It was noted that the guidance notes had been completed and were currently in draft form awaiting the Financial Services Manager’s review.

Concern was also expressed that the Phase 1 and 2 Development Management Audits had been cancelled. The Chairman requested that this be re-instated and made the following proposal which was duly seconded:

“That the Head of Internal Audit take the lead in a comprehensive audit of the Council’s planning services as a priority for the work in the coming year and it be scoped in the fourth quarter of the current year being reported to the meeting on the 14 March and to be completed and reported to the Committee by not later than the end of the 2nd quarter of next year.”

The Chairman further added that the concerns which existed to-date differed from those which had been held the previous year, when the peer review had been undertaken. The service was a key one for the Council not only from a service delivery aspect, but also from a public perception aspect.

Following the earlier debate it was also proposed and seconded that Internal Audit be requested to include in their 17/18 Audit Plan, an Audit of the Entrepreneurial Board. It was further requested that the scope and detail of the work to be undertaken in relation to this Audit be reported to a future Chairs Briefing.

On that basis it was: -

RESOLVED that the information contained within report GA.41 16/17 be received, noted and accepted subject to the following: -

- (a) that the Head of Internal Audit take the lead in a comprehensive audit of the Council’s planning services as a priority for the work for in the coming year. The work be scoped in the fourth quarter of the current year, being reported to the meeting on the 14 March, and to be completed and reported to the Committee by not later than the end of

the 2nd quarter of next year.”; and

- (b) An Audit of the Entrepreneurial Board be included in the 17/18 Audit Plan and the scope and detail of the work to be undertaken in relation to this Audit be reported to a future Chairs Briefing in the first instance.

61 TREASURY MANAGEMENT DRAFT STRATEGY

The Committee were asked to scrutinise the Draft Treasury Management Strategy with a view to recommending its inclusion within the Medium Term Financial Plan.

Two key changes were presented for Members’ consideration these being as follows: -

- The Borrowing Strategy, which was previously restricted to borrowing purely for capital investment which would generate future revenue income streams and/or capital receipts in addition to meeting the costs of borrowing, being expanded to include any investment where resources could be identified which could fund the cost of borrowing. It was considered that such schemes may provide social and economic value (ie) for regeneration schemes or be for service or asset improvement (ie) operational buildings, IT systems etc. All borrowing would remain affordable and sustainable over the long term. The borrowing strategy had therefore been amended to reflect this.
- The Strategy now also included an increase to the maximum investment limit within the Local Authority Property Fund from £2m to £4m. This was a longer term investment option. Based on current cashflow projections over the medium term this amount of money was available for investment in excess of years. Members were made aware however, that the fund value (capital investment) could go down as well as up.

Short term investments currently did not offer great returns so were not the favoured option presently. Liquidity and security were higher considerations over yield.

Members asked a number of pertinent questions particularly around the implications of the borrowing strategy going forward.

Members sought indication as to whether the county party list was being affected by the Government removing its support for some banks and lenders. Officers advised it did create some limitations for example the Council could only currently invest in UK Banks and only for short term investments due to the ratings. Greater use was therefore being made of money marketing funds, however the Council wanted to make longer term investments in order to generate greater returns and would therefore be looking at bonds for example.

Officers confirmed the return on the LAPAF was currently around 5% and had been advised this was achievable for the foreseeable future. It was noted however the redemption price could fluctuate.

RESOLVED that

- (a) having scrutinised the draft Treasury Management Strategy it be **RECOMMENDED** to Full Council for inclusion within the Medium Term Financial Plan; and
- (b) the Treasury Management practises be acknowledged.

62 ACCOUNTING MATTERS 2016/17 CLOSEDOWN

Consideration was given to a report which asked Members to review and approve the accounting polices actuary assumptions and materiality levels that would be used for the preparation of the 2016/17 accounts.

Members' attention was particularly drawn to: -

- the proposed materiality levels as included in Section 4 of the report including the revisions detailed at Section 4.7;
- the revised key closedown dates; and
- the main accounting changes for 2016/17 detailed in Section 7

Debate ensued and in response to Members' comments, Officers confirmed the change on legislation posed no risk from a Governance point of view. The Committee currently saw the accounts in advance of issue by S151 for completeness, there was no legislative requirement for this to happen.

It was also confirmed the pension service was outsourced.

In response to concerns relating to the additional pressure on the accounts service at closedown, assurance was offered that the team had resilience within it and would use additional temporary staff, as they had previously, to assist with close down.

Officers also clarified that it was not anticipated that more errors as in mistakes would be made, but more estimates would have to be used, due to the revised timeline, and thus more amendments would need to be made to the final document for this reason, as opposed to "errors" having been made.

RESOLVED that:

- (a) the proposed Accounting Policies (as included at Appendix 1 to report GA.43 16/17) be approved;
- (b) the Actuary's Report and pension assumptions (as included at Appendix 2, 3 to report GA.43 16/17) be noted;
- (c) the proposed materiality levels as included at section 4 including the revisions detailed at 4.7 of report GA.43 16/17 be approved;
- (d) the risk assessment (at Appendix 4 to report GA.43 16/17) be noted;

- (e) the key closedown dates at Section 6 of report GA.43 16/17 be noted;
- (f) the main accounting changes for 2016/17 and onwards as shown at section 7 of report GA.43 16/17 be accepted; and
- (g) it be accepted that in future years due to the earlier deadline the Unaudited Statement of Accounts will be circulated after issue by the S151 Officer.

63 AGS 15/16 MONITORING REPORT Q2

Consideration was given to a report which reviewed the progress made to-date against the Annual Governance Statement 2015/16 Action Plan.

The significant issues that had been identified for development were:

- Strategic & Spatial Planning
- Development Management
- Strategic Programme Delivery
- Information Governance & Security
- Intelligent Clienting
- Selective Licensing

It was noted that the action relating to Strategic & Spatial Planning had been assigned an extended due date to the end of July 17. This was so as to track the receipt of the Inspectors report; the subsequent adoption of the Plan and the introduction of supporting arrangements with partners to support its delivery.

At present it is envisaged that all other matters would be appropriately addressed by their respective due dates.

RESOLVED that that having considered the content of the report the Committee be assured that the current position of the Annual Governance Statement Action Plan for 2015/16 would result in the completion of all relevant actions by July 2017.

64 REVISED MEMBERS' CODE OF CONDUCT FOR CONSULTATION

Members gave consideration to a report and associated Appendices which presented a revised Members' Code of Conduct and Operating Procedures for early consultation purposes, following it having initially been considered by the Standards Sub-Committee.

A summary of the main comments made to date and points for further consideration which had been raised by either Standards Sub-Committee or the Governance and Audit Committee Chairs briefing were also shared with the Members.

Members were invited to comment on the first draft document, after which, all comments made would be collated and re-submitted to the Standards Sub-Committee for further consideration.

Lengthy debate ensued and a number comments and suggestions for further consideration were made.

Some considered the definition of Leadership needed to be more specific, however Officers advised the wording was taken direct from the Nolan principle to which it related.

It was also felt that Ward Members should not be involved in complaints if they served on the same Parish Council as the Councillor complained about.

The note contained in Section 3 of the Code was welcomed and considered of importance. This acted as a reminder that the Code should not be used for politically motivated complaints or personal vendettas.

It was suggested that the relevant person needed to be extended further to include all family members and to reflect that families were not all of a traditional set up. It was further suggested that if a prescriptive list could not be included, a request asking Members to make a reasonable judgement be included.

Fundamentally all Members agreed that the document needed to be comprehensive yet easy to understand and easy to apply.

Referring to Appendix C, the operating procedures, the Vice Chairman made reference to a case she had been involved with and as such wished the following points to be addressed: -

- A closure date be included, complaints must come to a conclusion
- All initial meetings needed to be minuted and needed to be fair
- Ward Member involvement should be retained in some guise and a number of suggestions had been made.
- Complaints should be time limited (ie) a person should not be able to claim, say 3 years after the event, Officers to consider a sensible limit
- Each step in the process needed clarity

Other comments made included: -

- Including Reference to Social Media
- Making clear that intimidation of anyone, not just those involved in the complaint, would not be accepted
- Ensuring there was provision in the Standing Orders to remove persons from the meeting
- A request to quantify further respect.

There was also a view that the Code had a very simplistic view of Private and Public Life. However this was not how the public saw it and indication was sought as to whether the Code could address this point. The Monitoring Officer advised that the law gave

Members a right to a private life and this position must be maintained. By way of assurance, the Committee were advised of how complaints of such a nature, despite being outside of the Code, were currently addressed and would continue to be so. It was important that communities had confidence in their elected representatives.

All were in agreement that robust training for all would be required if the new Code was adopted.

RESOLVED that:

- (a) having reviewed the revised Code of Conduct and Operating Procedures the Committee's comments as detailed above, be noted; and
- (b) the Committee's comments be collated and shared with the Standards Sub-Committee prior to the document being released for wider consultation.

65 MEMBER CHAMPIONS

Consideration was given to a report which sought to formalise the previously informal arrangements relating to Member Champions ensuring the roles were permitted to claim expenses in accordance with the Councils Members Allowance Scheme.

A number of key points in relation to the Member Champion roles was detailed in Section 1.5 of the report and were drawn to Members' attention.

RESOLVED to **RECOMMEND TO COUNCIL** that:

- (a) the Constitution be amended to formalise the roles of Member Champions; and thus to enable travel and subsistence claims to be made for attendance at meetings and events by Members in their capacity as Member Champions, as is set out for representation on Outside Bodies; and
- (b) the responsibility for appointing Member Champions be included in the roles for committees.

66 COMMITTEE WORK PLAN

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

RESOLVED that the work plan as at 9 January 2017 be noted.

67 EXCLUSION OF PUBLIC AND PRESS

RESOLVED that under Section 100 (A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of

business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

Note: The Committee took a 5 minute recess to allow Members to consider the information tabled (appendices to the report) and the meeting recommenced at 3.55 pm

68 QUICKLINE BUSINESS PLAN / PAYMENTS - MONITORING REPORT PERIOD 3

Members received a report for assurance purposes and to give the Committee confidence that Quikline were able to meet the conditions of the loan.

In presenting the report, Officers indicated at present the arrangement was in line with expectations and capital repayments continued to be made.

Members also received information on factors which had been affecting sales and cashflow performance.

The query raised at the previous meeting regarding the cost of sales had been resolved.

Officers again re-iterated that whilst there were a few areas of concern, no action was considered necessary, as all payments to date had been met and this was the Authority's primary concern.

RESOLVED that the monitoring information as presented be accepted and the Committee be assured.

The meeting concluded at 4.00 pm.

Chairman