

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 26 September 2023 commencing at 2.00 pm.

Present: Councillor Stephen Bunney (Chairman)
Councillor David Dobbie (Vice-Chairman) and Councillor Baptiste Velan (Vice-Chairman)

Councillor Christopher Darcel
Councillor Sabastian Hague
Councillor Mrs Angela Lawrence
Councillor Jeanette McGhee
Alison Adams
Andrew Morriss

In Attendance:
Emma Foy Director of Corporate Services and Section 151
Peter Davy Financial Services Manager (Deputy Section 151 Officer)
Sarah Elvin Homes, Health & Wellbeing Team Manager
Daniel Watson Director and Engagement Lead, Mazars LLP
Paddy Sadd Manager, Mazars LLP
Katy Allen Corporate Governance Officer
Natalie Kostiuk Customer Experience Officer
Sara Jackson Audit Manager, Lincolnshire County Council
Mark Harrison Principal Auditor, Lincolnshire County Council
Katie Storr Democratic Services & Elections Team Manager
Andrew Warnes Democratic and Civic Officer

Apologies: Councillor John Barrett
Councillor Mrs Jackie Brockway

21 PUBLIC PARTICIPATION PERIOD

There was no public participation.

22 MINUTES OF PREVIOUS MEETING

RESOLVED that the Minutes of the previous Meeting of the Governance and Audit Committee held on 25 July 2023 be approved and signed as a correct record.

23 MEMBERS DECLARATIONS OF INTEREST

Councillor S. Hague declared a non-pecuniary personal interest, in relation to item 6(a), that he had worked with Mazars on an entirely separate project not related to the report.

24 MATTERS ARISING SCHEDULE

Referring to the green marked action entitled "Update on actions and governance related to Water stress issues in Lincolnshire" within the report, the Chairman stressed the importance of the information and requested that this be received sooner rather than later. With no further comment, the Matters Arising Schedule was duly **NOTED**.

25 REPORT TO THOSE CHARGED WITH GOVERNANCE - EXTERNAL AUDIT COMPLETION REPORT (ISA260)

Members considered an External Audit report on the quality of the Statement of Accounts. The report was introduced by Paddy Saad and Daniel Watson of Mazars, two of the Authority's External Auditors. In presenting the report, the key headlines were highlighted, these being on pages 22 and 24 of the report:

- An unqualified audit opinion on the 2022/23 Statement of Accounts was anticipated and the proposed audit opinion had been included in the Draft Auditor's Report attached at Appendix B of that report.
- There had been no material misstatements identified during the audit that required adjustment by officers.
- There had been no public objections to the accounts.

There was one unadjusted misstatement to note in relation to the Statement of Accounts which related to the Intangible Assets. The balance sheet in the prior period (2021/22) contained a classification misstatement of £275k between intangible assets and property, plant and equipment. In the prior period the Council recognised all intangible assets under construction within the property plant and equipment note as tangible assets under construction. Officers did not propose to adjust the financial statement for this item on the grounds of materiality. Assurance was offered by the Auditors that this was of minimal impact or concern.

Members noted that at the time of preparing the report there were a small number of matters which remained outstanding as outlined in section 2 of Appendix A. These were around sample testing and were due to be completed shortly. Mazars were also awaiting assurances from the pension fund auditors to finalise their work on the Council's defined benefit pension liability. This work was anticipated to be completed in October at which time the statement of accounts for 2022/23 could be formally signed off.

With regard to the Value for Money commentary, it was anticipated that there were no significant weaknesses to report in relation to the arrangements that the Council had in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on the Value for Money work was provided in section 7 of the report. It was noted that there was one risk identified in the financial sustainability, with the Audit Partners commenting that

this was a holistic local government concern. It was also confirmed that there had been no change to the audit strategy memorandum.

Section 5 in Appendix A outlined internal control recommendations identified during the course of the Audit by Mazars. One recommendation had been made with regards to deactivation of leavers system user profiles.

Debate ensued, and Members enquired about the delay in issuing the final audited statement of accounts. In the questioning, Members learned that the final figures from the West Yorkshire Pensions Authority were expected by the end of October, which would then allow the Audit to be concluded. There were no specific reasons provided for the delay in reviewing the pensions liability, with enquiries made to the relevant bodies, including the Pensions Board at Lincolnshire County Council, it was suggested given the work Officers had undertaken to prepare accounts to meet the statutory requirements, the response was less than adequate.

RESOLVED that the content of the report be accepted.

26 ANNUAL GOVERNANCE STATEMENT 2022/23

Members considered the Annual Governance Statement for 2022/23. The Committee were asked to approve of its content for its inclusion within the Audited Statement of Accounts.

Members had at a previous meeting approved a draft version, the main revisions were highlighted to the Committee, these being the inclusion of the annual audit opinion, which had been outstanding, and the appointment of a permanent Monitoring Officer, who would join the Council on 1 November 2023.

Having been moved and, seconded, on being put to the vote it was

RESOLVED that having reviewed the updated Annual Governance Statement, its inclusion in the 2022-23 Financial Statements be approved.

27 INTERNAL AUDIT QUARTER 1 REPORT 2023/24

Members considered a report which provided an update of progress, by the Internal Audit partner, as at 15 September 2023, against the 2023/2024 annual programme, which had been agreed by the Governance and Audit Committee at its meeting in April 2023. As of the Committee meeting, one assurance audit had been completed and two audits were currently in progress.

The completed audits being:-
Equality Impact Assessments – Adequate Assurance

The in progress audits included:-
Cyber Security
Key Project – Refurbishment of Saxilby Footbridge

Information on each was included within the body of the report provided by Lincolnshire Audit. Members noted the delay in start times, but progress had now been made with timelines now appearing in the Plan. There were no concerns that the Plan would not be completed within year. The Principal Auditor advised that there were no high management actions outstanding, as noted on page 86 and 87 of the report pack.

Debate ensued, and Members enquired about several aspects of the report and the work of the Audit partners. In response to a query about the equality impact assessment changes, Members learned that the arising audit actions were scheduled to be completed by April 2024.

Assurance was requested about the potential for overdue actions and rolling on of due dates in the work conducted by the internal audit partner. In this questioning, Members learned that the audit partners would follow any concluded audits through continuous contact with the relevant officers. Regarding concerns about meeting audit deadlines following possible drifts in these dates, Members heard that the focus of the Committee was to liaise efficiently with officers and to ensure a conclusive response. It was suggested by the Chairman it would be most appropriate to bring in the relevant director to answer the Committee's questions about the audits.

In a related question about the internal audit team's capacity to carry out the reviews, Members learned that the audit partners had recently recruited a new IT auditor internally with an in-house specialist, and the team working with West Lindsey District Council was recently fully staffed. Training was also given on the new audit approaches in line with the CIPFA code.

Discussion occurred on the review work and actions on IT security. During the questioning, Members heard that the fieldwork date for the ICT audit was planned and noted in the report. The scope of the Audit would follow what was known as "the 10 steps for cybersecurity" which included items like removable media, user access, and malware. In answer to a related query about the utilisation of the One Council system, Members learned that the audit process was underway, and comment could only reasonably be made once the audit results were known. In light of Members interest it was suggested that information relating to the 10 steps be distributed more widely to members.

RESOLVED that having considered the content of the report, no further actions be identified.

28 SIX MONTHLY STRATEGIC RISK REPORT

Members gave consideration to the six monthly review of Strategic Risks facing the Council as at September 2023. The Corporate Governance Officer introduced the report and advised that three new risks had been added namely:

- Cost related to the proposed asylum centre at Scampton may have an adverse impact on financial sustainability,
- Central Lincolnshire Local Plan may not deliver land required for sustainable development to meet the needs of residents, businesses and communities;
- Inability to deliver Climate change ambitions and not deliver net zero carbon

emissions by 2050

Furthermore the likelihood score related to the Council's governance having the ability to support quality decision making had changed. Members were provided with brief context in respect of each risk.

Debate ensued, and there were numerous contributions on the climate change-related risk. Members' contributions included comments about the recently changed national picture and guidance and the potential effects on the work of local authorities in meeting the 2050 target for net zero. The Chairman invited those concerned to address the Environmental and Sustainability Working Group. He also informed Members that the Annual progress report of that Group was due for consideration at the Prosperous Communities Committee which Members may find useful to understand the progress that had been achieved. The Council's position remained to identify stepped targets for reducing emissions.

Regarding the new RAF Scampton risk and comments made about the costs on the Council, the Director of Corporate Services and Section 151 Officer outlined that any attributable costs were reported to the Corporate Policy and Resources Committee and the Committee would continue to receive those reports on a quarterly basis.

During the discussion a Member sought to understand when the assessment of housing need was last undertaken and whether it was considered current enough and fit for purpose given the volatile and changing housing market. It was questioned whether there was a risk that the type of property been built would not meet the need established, creating a potential risk around homelessness. Enquiries would be made and the information reported back through matters arising to this Committee.

It was questioned by the Member Champion for Risk, as to whether the current practice of receiving reports every six months was still appropriate, given the increase in risk. It was noted this was a matter for Members to determine and it was suggested a change in frequency of reporting could be considered as part of the revised Risk Management Strategy which was due before Committee in coming months. Further consideration would be given to reporting frequency and reporting style outside of the meeting.

RESOLVED that having reviewed the Strategic Risk register, noting the comments made, no additional strategic risks be included; and current controls and proposed actions are considered sufficiently robust.

29 MEMBER DEVELOPMENT: REVIEW OF ORIGINAL INDUCTION; REVISED TRAINING PROGRAMME FOR THE REMAINDER OF THE CIVIC YEAR; AND TO AGREE TRAINING PRINCIPLES

Members considered a report which provided an overview of the original Member Induction Programme, detailed the need to revise the approach, and presented a revised induction programme, in response to feedback received. The revised draft plan would run for the period October 2023 to April 2024 and the report sought to establish some agreed principles in organising training for Members.

This report provided the background to the 2023 Induction Programme for Members, the

reasoning for its suspension, recognising the changed profile of Councillors, and offered a proposed an amended approach in which aimed to complete the original Induction Programme.

Throughout the report, there was an assumed commitment required from Councillors and Officers alike to ensure the amended programme was delivered as advertised, and that attendance by Councillors was maintained.

There were three themes detailed within the report, explaining a tiered approach, with the intention of meeting the brief given by Leading Members that the programme should be accessible and manageable. There were also new approaches detailed in terms of alternative delivery methods, such as video briefings and online options.

The Committee was asked to approve the new approach, and training to be completed between October 2023 and April 2024, with approval required for any subsequent actions to take place.

Debate ensued, and Members supported the revised programme and recognised the work commenced by officers with the new administration and the opportunities for more accessible sessions, with early evening and hybrid options utilised.

In response to a query about equality and diversity training, Members learned that an online training module would be created, with the programme to be delivered by April 2024, with the module potentially including information on unconscious bias.

In discussing the administration of other related training material and the programme's administration, Members were informed that further publication of the Overview and Scrutiny handbook and the Planning Committee training would occur shortly after the meeting, following approval from the Governance and Audit Committee of this report.

RESOLVED that:-

- (a) the content of the report and current position be supported and noted;
- (b) the proposals contained with the report which would formulate the Member Training Plan for the remainder of the Civic Year 23/24, detailed in Section 3 of the report and summarised in Appendix 2 be approved;
- (c) the Officer training plan to be run alongside the Revised Member Induction Plan, referenced in section 3.6, be acknowledged and supported;
- (d) the training principles, and revised delivery methods, detailed throughout the report and summarised in Appendix 2, to be introduced in recognition of the revised make-up of the Council following the all-out Election in May 2023 and feedback received to date be approved; and
- (e) the next steps to be undertaken by the Member Development Group detailed in section 7 which would begin to inform the Year 2 Training Plan for approval by this Committee in April 2024 be approved.

30 LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN (LGSCO) ANNUAL REVIEW LETTER REPORT 2022/23

Members considered a report which examined the Local Government and Social Care Ombudsman (LGSCO) Annual Review Letter 2022-23 which covered complaints that were either referred to (or decided by) the LGSCO during the period April 2022 to March 2023. Historical data on complaints handled by the LGSCO, was included in the report along with comparisons to previous year's figures and findings.

The report compared how West Lindsey District Council (WLDC) had performed overall nationally and in comparison, with 20 other similar authorities in terms of the number of complaints referred, investigated and upheld by the LGSCO. During the 2022/23 period a total of 12 new complaints were referred to the LGSCO.

Along with the new complaints referred to them the LGSCO also reached decisions on three complaints that were outstanding from the previous year. These were complaints referred to them in 2021/22 but not completed until 2022/23.

In total the LGSCO made 14 decisions. Eight complaints were closed after initial enquiries, two were referred back for local resolution, one was incomplete/invalid, one was investigated and upheld, and two were investigated and not upheld.

At the end of the 2022/23 period there was one outstanding complaint that was still with the LGSCO, an investigation was ongoing, and a decision was received in 2023/24. The complaint was not upheld. Members were advised that more details would be included in the "decided section" of next years report.

The one upheld complaint was in relation to the Home Choices service, more information including the learning actions and recommendations made by the LGSCO were included within the report. The Homes, Health and Wellbeing Manager was preset to answer any questions about the upheld complaint.

Debate ensued, and the Chairman welcomed the details of the complaints referred to the LGSCO noted within the report. Members questioned about the upheld housing complaint, where the Homes, Health, and Wellbeing Manager explained that for any issues or times where the Homelessness Charter was not being adhered to, she was the best Officer to follow up on any reported concerns and would follow up on any issues herself.

Responding to a comment about the dismissed planning enforcement complaints, the Customer Experience Manager explained that this was a good assurance of performing properly and that the complaint process internally at West Lindsey District Council was sound.

In reply to a query about the process of the LGSCO's closing complaints after initial enquiries, the Customer Experience Manager explained that there were no follow-ups from the complainants when this action was taken. In a related query about any vexatious complaints, Members learned that none had been reported against West Lindsey District Council but that any would seek guidance on their response from the Customer Experience Manager.

RESOLVED that the Local Government and Social Care Ombudsman Annual Review letter 2022/23 and report be welcomed, and having scrutinised its content the Committee have assurance that the current complaint handling procedures are functioning adequately.

31 LGA PEER CHALLENGE UPDATE REPORT

Members gave consideration to the update on the latest position regarding the Council's next LGA Corporate Peer Challenge, which was scheduled for 2025.

The Local Government Association (LGA), of which West Lindsey District Council was a member, offered all local authorities a Corporate Peer Challenge once every five years, which included a follow-up review to monitor progress against any recommendations made. The Council last undertook a Corporate Peer Challenge in January 2020, with a follow-up review taking place in February 2022; therefore the Council's next full Corporate Peer Challenge was due no later than 2025.

A report to Council on 4 July 2022 stated under 'Next Steps' that: "West Lindsey's next, full peer challenge is scheduled to take place in 2024 and officers will begin work to prepare for this in collaboration with key stakeholders and decision makers." The report asked members to note a change to this timetable, as detailed in the report and the rationale for this was explained to Members.

In response to a query about the process of a Corporate Peer Challenge, Members learned that the review panel featured those from Local Authorities of similar political backgrounds, size, and funding levels, with some consideration of similar aims to the reviewed Local Authority.

With no requirement for a vote, the change in timing for the Council's next LGA Corporate Peer Challenge from 2024 to 2025 was **NOTED**.

32 AUDITED STATEMENT OF ACCOUNTS 2022/23

Members considered the Audited Statement of Accounts for 2022/23. An introduction was provided by the Section 151 Officer, who advised that the Statement of Accounts 2022/23 had not received a formal audit opinion due to the delay in the pensions liability audit, but that the accounts as they stood would receive an unqualified audit opinion. The Statements reflected the Authority's financial activity for the year up to 31 March 2023.

The Council had continued to deliver its executive business plan activities to achieve its corporate objectives, through investment projects and service delivery. The Council had achieved the statutory deadlines for the preparation of the accounts and as the auditors outlined only the pension fund audit and some sample testing was left outstanding before full certification of the statements. The Audit completion report earlier on the agenda outlined the non-adjusting misstatement which the Auditors had identified and one control risk which had been rectified.

The narrative report provided an illustrative and comprehensive view of the Council and its

performance and achievements in delivering corporate plan objectives. The Balance sheet on page 39 in the supplementary agenda pack reflected net assets of £43.842m which reflected the impact of a significant reduction in the pension liability, and which was planned to reduce further over a period of 20 years.

The Council's useable reserves decreased marginally from £28.608 million to £28.157 million with £19.3 million earmarked for future investment and service improvements and to mitigate risk. The General Fund working balance exceeded the minimum requirement of £2.5 million and would provide some resilience to potential changes in future funding streams in the medium term.

The Comprehensive Income and Expenditure Account on page 38 reflected a surplus on the provision of services of £(1.841) million, and after other adjustments showed a total comprehensive income and of £(35.621) million. The surplus on the provision of services was reconciled to the actual revenue outturn position in note 7 the Expenditure and Funding analysis.

The Cashflow statement on page 51 of the supplement agenda pack showed a net decrease of cash of £1.344 million, which reflected the significant amount of grant funding which the Council was holding had now partly been expended. In terms of the accounts document the auditors identified a small number of presentational items and the Statement of Accounts that was originally certified by the Chief Finance Officer and published had now been updated accordingly. There had been no events after the reporting period to declare and no requests to inspect the accounts during the statutory period. The Deputy Section 151 Officer thanked the finance team for all their hard work and invited responses.

Lengthy questioning ensued and explanation was requested and received regarding the details of the movement in usable reserves. Members heard that the Authority had about £6 million in general fund reserves that could be utilised, with the lower safety limit being judged at around £4.5 million, with this carefully monitored, for any short or long-term concerns. The Council could have used those unearmarked reserves, such as if no central Government funding was received during the COVID-19 pandemic.

Members sought clarification on the mortality assumptions within the report, with the lifespan assessment reduction coming from Price Waterhouse Coopers, West Lindsey District Council's actuary. The actuary reduced longevity in the pension assessment partly due to COVID-19 and other related factors. This change was measured to be within the reasonable range of mortality.

Members heard the staffing levels absences, as noted on page 28 of the supplement report pack, were only for employees directly employed with the Council and omitted SureStaff and other West Lindsey District Council companies, such as Market Street Renewal. Further checks on these companies' long-term and short-term absences were agreed to be made and reported back.

In a query about the target time to resolve a complaint being slower than the actual time it took, the Section 151 Officer explained that the setting of the targets was outside of the purview of the Governance and Audit Committee but that this comment would be reported to the relevant Committee, Overview and Scrutiny, for further review. The same concern would also be reported on the Corporate Health performance, specifically ensuring adequate staff

was available to manage increased physical access to the Council.

Members enquired about the gross income reduction in the 'Our Place' section, which was explained as being due to the capital accounting aspects with the Southern SUE project in the 2021/22 accounts. This meant less income and expenditure for the 2022/23 accounts.

In reply to a query about the assets and the increase in the value of the property, plant and equipment, Members heard that the Authority did not budget for non-cash adjustments but that there were regular re-evaluations and adjustments to the statutory accounts.

In a late exchange with one of the external audit partners, it was reported that the Authority was among the first to complete its accounts under the Mazars umbrella of local authorities compared to its benchmarking. There was no possibility of fines concerning the delay in issuing the audited statement of accounts, with only a short statement required to explain the reason for the delay in confirming the audited statement of accounts.

The Chairman also raised the possibility of an additional recommendation to request that the Overview and Scrutiny Committee review the accounts and budget-setting processes. Thanks were given to the audit partners by the Chairman, as this was the final set of audited statement of accounts that Members would receive from Mazars, with KPMG being the new external audit partners.

The Chairman explained that due to a delay with the auditing of the Statement of Accounts concerning the pension liabilities and not being able to pass any recommendations without all the information, Members would have to adjourn the meeting and find a suitable date to return to consider this item and any recommendations formally.

Note: The meeting was adjourned at 3.28 PM to a future date to be advised

Chairman