

## **WEST LINDSEY DISTRICT COUNCIL**

MINUTES of the Meeting of the Governance and Audit Committee held in the Council Chamber - The Guildhall on 22 April 2025 commencing at 2.00 pm.

**Present:**

Councillor Stephen Bunney (Chairman)
Councillor David Dobbie (Vice-Chairman)
Councillor John Barrett
Councillor Mrs Jackie Brockway
Alison Adams
Andrew Morriss

**In Attendance:**

Natalie Smalley	Democratic and Civic Officer
Peter Davy	Director of Finance and Assets (Section 151 Officer)
Lisa Langdon	Assistant Director People and Democratic (Monitoring Officer)
Katie Storr	Democratic Services & Elections Team Manager
Katy Allen	Corporate Governance Officer
Rob Barnett	Head of Internal Audit
Ian Knowles	Chief Executive
Comie Campbell	Interim Financial Services Manager (Deputy S151)

**Apologies:** Councillor Baptiste Velan

### **126 MEETING OPEN AND ADJOURNMENT**

The Chairman opened the meeting and explained that a short adjournment would be necessary; the adjournment was to allow extra time for the arrival of Committee Members to ensure the meeting was quorate.

**NOTE:** The Meeting was adjourned at 2.01pm and reopened at 2.10pm.

### **127 PUBLIC PARTICIPATION PERIOD**

There was no public participation.

### **128 MINUTES OF PREVIOUS MEETING**

**RESOLVED** that the Minutes of the Meeting of the Governance and Audit Committee held on 21 January 2025 be confirmed and signed as a correct record.

### **129 MEMBERS DECLARATIONS OF INTEREST**

There were no declarations of interest at this point in the meeting.

### **130 MATTERS ARISING SCHEDULE**

The Vice Chairman Cllr Dobbie enquired about the feasibility of retaining Committee meeting recordings long-term; in response, the Monitoring Officer explained that the webcasting service was provided externally with a 12-month archive limit. It was stated that the Council was currently exploring options in-house in order to retain recordings for longer than 12-months, at no additional cost.

A Member of the Committee commented that a number of reports would be seen by the Joint Staff Consultative Committee before reaching the Governance and Audit Committee. It was noted that the work involved in producing the reports should be recognised and commended.

With no further comments or questions, the Matters Arising Schedule, setting out the position of previously agreed actions as at 10 April 2025, was **NOTED**.

### **131 DRAFT RISK MANAGEMENT STRATEGY 2025-2029**

Members of the Committee heard from the Corporate Governance Officer who introduced the report. It was explained that the new Risk Management Strategy had been developed taking into account the findings of the previous year's audit, as well as discussions with the Committee and the Management Team.

A Member of the Committee praised the document as an excellent management tool. It was suggested that a one-page summary be created for staff and Members to aid readability, with the Officer agreeing to the undertaking.

The Vice Chairman, Cllr Dobbie, commended the document, recognising it as a live document that adapted to ongoing changes.

The Chairman expressed a concern about role of the Overview and Scrutiny Committee as set out in the report. It was questioned whether the Committee was able to ensure that risk management had been applied, and value had been added to the decision-making. The Chairman emphasised the importance of the Overview and Scrutiny Committee's role in scrutinising various aspects to ensure proper decision-making processes.

A Committee Member raised a question about Member scrutiny, enquiring about the effectiveness of current scrutiny practices, and emphasising the importance of thorough preparation by Officers, which was acknowledged as being carried out. However, it was stressed that Councillors must delve into the prepared information to extract valuable insights. The Chairman reiterated the importance of scrutiny as a "critical friend", which aimed to improve decision-making through external perspectives.

The suggestion was made to consider Member development to enhance the quality of scrutiny, highlighting the importance of questioning skills. The Chairman agreed with the need to extend effective scrutiny practices across all Committees. In response, the Monitoring Officer confirmed that the comments would be passed on to the Director responsible for overseeing the Overview and Scrutiny Committee.

With no further comments or questions, it was

**RESOLVED** that Risk Management strategy 2025-2029 be approved.

### **132 YEAR END STRATEGIC RISK REPORT**

The Committee heard from the Monitoring Officer who introduced the report, it was explained that the purpose of the report was to present the Council's strategic risks as at March 2025. It was stated that the Committee reviewed these risks on a quarterly basis and Members were asked to consider whether any additional risks existed and whether the proposed controls and actions were sufficiently robust. An overview of the risk themes were given, and it was noted that since the last report, one new risk had been added titled OV6, which pertained to an inability to deliver the Council's strategic priorities.

A Member of the Committee raised a concern regarding the recent issue of international trade tariffs. They were highlighted as a potential future strategic risk due to their ability to substantially impact global trade. In response, the Interim S151 Officer discussed the financial implications of the tariffs policy, noting the difficulty in drawing firm conclusions due to the changing landscape. The Officer stated that potential long-term impacts included increased costs for imported goods and services, and possible effects on interest rates and the pension fund's triennial review. It was stated that due to the timing of the tariffs, they were unlikely to impact on the valuations at the balance sheet dated 31 March 2025. The Chief Executive added that tariffs may not appear as a standalone strategic risk, but could trigger other risks such as inflation, cost increases, or supply difficulties. The importance of monitoring these developments as part of the quarterly review of strategic risks was emphasised.

A question was asked by a Member of the Committee regarding the timing of the strategic risk updates in light of risk OV6. In response, the Chief Executive highlighted that rather than trying to recreate an Executive Business Plan, the Council were focussed on priorities given to them by the Administration and arising from the Peer Challenge, on a programme-by-programme basis. Any work still outstanding by June or July 2025, it was emphasised, would form part of a Local Government Reorganisation (LGR) Delivery Plan. The plan would focus on the next three years and was anticipated to be ready by November 2025. It was highlighted that risk OV6, which pertained to an inability to deliver the Council's strategic priorities, should reduce in the coming months.

A Member of the Committee questioned which Committee was responsible for reviewing the LGR Delivery Plan. Responding to the question, the Chief Executive assured the Committee that the upcoming commentary with the Forward Plan could be available for 12 May 2025, to give Members an indication of upcoming priorities. It was stated that the Committee responsible for reviewing the LGR Delivery Plan was the Corporate Policy and Resources Committee. The Chief Executive noted that the current Executive Business Plan still existed in draft form and would be used until other plans were formed in its place.

In response to a concern about the continuity involved in the upcoming plans, the Chairman emphasised the importance of the Governance and Audit Committee receiving a regular review of upcoming plans and their development. It was agreed that verbal progress updates would be provided on an ongoing basis through the Matters Arising item on the Committee agenda, until the LGR Delivery Plan had been fully developed. This approach

would ensure that the latest information was shared without the need for additional written reports, whilst still preparing and updating the Committee on progress.

Concerns were expressed by the Chairman about the public's lack of interest in LGR and the risk involved in future uncertainty. It was emphasised that the Council's IT systems and the Central Lincolnshire Local Plan (CLLP) were valuable tools and should not be dismissed, even amidst uncertainty.

A Committee Member commented on the removal of the Executive Business Plan. It was stated that the budget had been based on this plan, and its removal had triggered questions. It was suggested that a new plan should have been developed concurrently with the old one to ensure a smooth transition.

A Member of the Committee then commented on the dangers of AI, particularly the risk of fraudulent and fake representations, with the need for robust protections against such threats emphasised. Officers acknowledged that keeping records and archives of meetings was important to counteract AI manipulation; as such, the IT department was actively developing solutions, though no definitive answer existed yet. The Monitoring Officer stated that regular updates and cyber security messages were being sent to staff to keep abreast of developments. It was suggested by a Member of the Committee that regular updates be provided to Members to ensure they were aware of the dangers and how to counteract them.

Finally, a point was raised regarding disparities in the quality and level of auditing experienced by other Lincolnshire partners. It was noted by the Chairman that this issue should be discussed with the Internal Audit Team.

With no further comments or questions, and having been moved, seconded and voted upon, it was unanimously

**RESOLVED** that the register had been reviewed with the existence of any additional risks of a strategic nature and the robustness of current controls and proposed actions considered.

### **133 INTERNAL AUDIT PROGRESS REPORT**

Members of the Committee heard from the Internal Auditor who introduced the report. The Auditor explained that the intention behind the Internal Audit Progress Report was to update Members on the status of the 2024-2025 Internal Audit Plan and to present any reports finalised since the last Committee meeting. It was explained that three reports had been finalised: Project and Programme Management, Procurement, and Customer Experience. The Auditor highlighted that a summary of the three reports was included at the end of the progress report.

The Auditor noted that one audit remained to be completed from the 2024-2025 Internal Audit Plan, which was the second follow-up visit of previously agreed management actions. It was stated that the audit had been completed and would be presented at the next Committee meeting along with the Annual Report for 2024-2025.

A proposed change to the 2024-2025 plan was brought to the Committee's attention,

suggesting the Emergency Planning Business Continuity audit be moved to January 2026 due to team resourcing and restructuring. This change was recommended, the Auditor explained, to allow time for the new Management Team structure to embed before the review.

It was explained that key performance indicators (KPIs) for the turnaround of draft and final reports were on track, indicating a comfortable position. The Management Team was thanked for their support in delivering the plan in full for the end of the financial year, ensuring a smooth transition for the next Committee meeting.

The Chairman expressed gratitude to the Auditor and highlighted that the Internal Audit team was currently in a stronger position compared with teams from previous years.

The Auditor gave a summary of the three finalised audits, starting with Project and Programme Management. The Project and Programme Management review had focused on delivery across departments and the dissemination of lessons learnt. It was explained that a sample of ten projects was reviewed, resulting in a substantial assurance opinion. One medium action and two low actions were raised, all agreed by the Management Team. The medium action in question related to governance, specifically the lack of reporting to full Council on overall project management progress. In response, the Management Team had agreed to produce a high-level update on a quarterly basis, starting with larger projects, with an implementation date of June 2025.

A question was raised by a Member of the Committee regarding project management updates, enquiring whether they had previously been presented to the Governance and Audit Committee. Clarification was also sought on whether the updates would come to the Committee or go directly to the Council. The Auditor responded, explaining that updates would typically go to the Council unless there were specific issues identified during an audit that required attention from the Governance and Audit Committee.

Regarding project management updates, the Chief Executive added that the Governance and Audit Committee's role was to ensure the right processes were in place, rather than reviewing and approving the projects themselves, which was the role of the Corporate Policy and Resources Committee. It was highlighted that Members were only informed on the wellbeing of a project if there were financial or quality problems; however, Officers were currently examining how to keep Members better informed. It was proposed that once a new structure was in place, regular updates could be brought to the Committee outlining the control environment.

The need for time to get the process right was acknowledged by the Chairman, considering changes in senior and middle management structures. It was suggested that the matter be included on the Committee work plan to ensure it remained on the agenda, with an initial update expected in November 2025.

In regard to the rest of the report, the Auditor stated that the Procurement Review had been timed with the rollout of the new Procurement Act. It was stated that the conclusion was a reasonable assurance, with two medium actions and one low action agreed with management. The medium actions, it was explained, were related to exceptions to the procurement rules and spend analysis, which highlighted the importance of transparency and tracking procurement routes.

The Internal Auditor confirmed that the Customer Experience Strategy Review, introduced in May 2024, had resulted in a substantial assurance opinion. No high, medium, or low priorities were raised, only one advisory review regarding the update of the Customer Experience Action Plan, which it was emphasised had been promptly addressed by management.

The Chairman raised a question about the sampling process for audits with the Auditor confirming that samples were selected at random from the full population of documentation.

The Committee expressed satisfaction with the progress and the proposed changes, acknowledging the smooth transition and effective operation of the framework.

Having been proposed and seconded, the Chairman took the vote and it was

**RESOLVED** that the content of the report had been considered, and any actions required be identified.

### **134 INTERNAL AUDIT DRAFT ANNUAL PLAN**

The Committee heard from the Internal Auditor who introduced the item. It was noted that the Internal Audit Annual Plan was flexible and would remain so throughout the year to accommodate any changes in the risk profile. The Auditor explained that the plan was developed using a wide range of information sources, including risk registers, discussions with the Management Team, sector risk profiles, technical team recommendations, topical issues, and forthcoming regulatory changes. The proposed Internal Audit Plan for 2025-2026 was linked to the risk registers to ensure it addressed important issues. Proposed timings and reporting schedules were included to provide a balanced flow of reports throughout the year, allowing sufficient time for Members to scrutinise individual reports.

The Auditor continued, adding that the plan was comprehensive and diverse, covering strategic and operational areas of concern. A brief scope was included, which would be fully developed with relevant Officers once the plan was approved. Members were asked to consider whether the plan covered key risks and provided the necessary assurances for their roles and responsibilities.

A request was made by the Chairman for the Internal Audit Team to consider biodiversity alongside the climate change strategic risk, noting its importance in planning issues. This was agreed by the Auditor and would be incorporated into the programme.

The Chairman acknowledged the time spent discussing and developing the plan with the Management Team.

With no further comments or questions, and having been moved, seconded and voted upon, it was unanimously

**RESOLVED** that the draft Internal Audit Plan for 25/26 be approved.

### **135 ACCOUNTS CLOSEDOWN 2024/25 ACCOUNTING MATTERS**

Members of the Committee heard from the Interim Financial Services Manager who

introduced the report. It was explained that the report set out the accounting policies to be used in preparing the 2024-2025 accounts, the actuary assumptions supplied by the pension actuary, Barnett Waddingham, and an outline of the materiality levels applied when compiling the accounts. It was highlighted that authorities were required to publish their draft accounts by 30 June 2025 and their audited accounts by the backstop date of 27 February 2026. The Manager noted that it was hoped the audit of accounts would be completed in the autumn of 2025, with the timetable set to meet the deadline and audit dates agreed with External Auditors, as detailed in section 7 of the report.

The Manager continued, explaining that the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice guidance notes for 2024-2025 had recently been released, with changes from 2023-2024 outlined in section 2 of the report. It was stated that major changes around the accounting for leases were not expected to have a significant impact on the accounts.

The Manager noted that materiality levels had yet to be supplied by External Auditors, with previous year's levels outlined in section 5. It was confirmed that once supplied, a decision could be made on whether the Council was required to do group accounts. The accounting policies proposed at appendix 1, it was explained, had been reviewed, with the exception of lease accounting, and were similar to the previous year. It was noted that the actuary assumptions supplied by Barnett Waddingham, at appendix 2, were based on market conditions as of 31 January 2025, with changes in interest rates and inflation potentially impacting the valuation. Finally, the Manager explained that a risk assessment associated with closing the Council's accounts and producing the financial statements was attached at appendix 3.

The Chairman welcomed the Interim Financial Services Manager to the Committee, alongside welcoming the Interim S151 Officer in his new capacity as Director of Finance and Assets.

A Member of the Committee praised the explanations provided in the reports for their educational value.

In response to a question regarding the security of pensions in light of potential new government policies, the Interim S151 Officer reassured the Committee, explaining that recipients and contributors would receive their expected benefits regardless of changes. However, he continued, changes in legislation, guidance, and policy could impact local funds' investment strategies, potentially leading to deficits and requiring employer contributions to be reviewed as part of the triennial review process. It was added that the merging of funds into mega funds and comparisons with other countries were mentioned, with the impact yet to be seen.

With regard to pension concerns, a Member of the Committee noted that recent accounts showed significant swings in the balance sheet due to valuation results, which it was said were beyond the Council's control. It was suggested that the Committee should not overly concern itself with these changes, as they were largely influenced by external factors.

On the topic of pensions, the Chief Executive highlighted that the financial reporting standard required the current liability or asset to be included on the balance sheet, projecting forward a minimum of 20 years. It was stated that this projection involved numerous

variables, making it subject to significant swings. The importance of understanding this as a point-in-time figure was stressed, with the need to monitor trends over time. The Chief Executive noted that whilst the Council's pension funds were currently slightly underfunded, the Council had 20 years to recover the gap, which would ultimately be handed to a new authority in the wake of Local Government Reorganisation. To conclude, the Chief Executive emphasised that whilst the proposed Government figure for investment in infrastructure appeared significant, it was considered a small proportion of total available pension funds.

The Chairman added that the Lincolnshire group was pleased with the Council's current position regarding pension funding.

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

**RESOLVED** that

- a) the proposed Accounting Policies, included in Appendix 1 to the report, be approved;
- b) the pension assumptions, included in Appendix 2, had been considered and commented on;
- c) the risk assessment, included in Appendix 3, had been considered and commented on;
- d) the materiality levels, as included in section 5 to the report, be considered;
- e) the key closedown dates in Section 7 had been considered and commented on; and
- f) the main accounting changes for 2024/25 and onwards, as shown at section 2, be accepted.

### **136 UPDATE ON CONSTITUTION REVIEW**

The Committee heard from the Monitoring Officer who introduced the report. It was stated that the report served to update the Committee and sought approval for the second stage of amendments to the Council's Constitution. The Monitoring Officer explained that towards the end of 2024, a legal health check was conducted on the Constitution and a briefing was provided to Members on the outcome, along with a copy of the legal advice received. It was summarised that the health check found the Constitution to be largely legally compliant, but updates and changes had been recommended to ensure compliance with current good practice and legislative changes.

The Monitoring Officer continued, explaining that the first recommended change concerned the Council's Standards Committee. It was advised that a local authority Standards Committee should exist independently rather than within the Governance and Audit Committee's sphere. Therefore, it was recommended that the Standards Committee be established as a full Committee in its own right.

The second change, it was stated, aimed to clarify that the Council's licensing functions



under the Licensing Act 2003 were dealt with separately from other regulatory matters, as the Licensing Act 2003 constituted its own legal regime and required a separate Committee article. It was highlighted that the next amendment proposed changing Article 6 of the Constitution to “appoint” the Leader of the Council rather than to “elect” the leader, in line with the legal advice given and to reflect the Committee system form of governance.

The Monitoring Officer specified that the health check also recommended increasing the size of the Chief Officer Employment Committee to allow for a separate appeals panel if needed, whilst remaining quorate. It was confirmed that this change was to comply with the Joint National Council Process for Chief Officer disciplinary matters, ensuring the Officer subject to disciplinary action could refer any decision to a clean appeals panel.

The final change detailed in the report was to amend Article 10 to reflect the joint arrangements the Council had through the Central Lincolnshire Joint Strategic Planning Authority and the Joint Committee for Devolution. It was noted that these changes were recommended to be made to the Constitution in accordance with the legal advice received, and then to be progressed on to the Annual Council meeting in May 2025.

Members of the Committee raised a concern regarding the recommendation to “appoint” rather than “elect” a leader, questioning its alignment with democratic principles. In response, the Monitoring Officer explained that, under West Lindsey District Council’s Committee System form of governance, the Council was not in a position to elect a leader with executive powers unlike in a Cabinet Executive Model. This proposed change in terminology, it was clarified, was in order to ensure compliance with regulations. It was stated that the Leader of the Council was appointed as the person leading the largest political group and the Chair of the Corporate Policy and Resources Committee.

Members of the Committee acknowledged the explanation and the need for the amendments; however, repeated concerns were expressed regarding the proposed change in terminology. Members noted that the current process involved Councillors putting their hands up to support or oppose the choice of leader, which they stated constituted an election.

Further questions were raised, including whether the Leader must be the person leading the largest political group and whether the Leader must chair the Corporate Policy and Resources Committee. The Deputy Monitoring Officer responded that the Council's Constitution required nominations for the position of leader to be submitted seven days before the meeting, preventing counter-nominations on the night. It was highlighted that legal advice from a governance specialist indicated that, under the Committee System, the Council was not in a lawful position to elect a leader and must appoint by default the leader of the largest group as defined by political groups regulation. Officers summarised that the Leader of the Council had never been given executive powers, and thus the term "appointed" reflected the legal position and acted as an acknowledgement of their role. It was confirmed that the Leader could choose not to chair the Corporate Policy and Resources Committee, but that the Council Leader would be the leader of the largest political group.

In response to concerns and questions, the Deputy Monitoring Officer noted that opposition groups historically could submit nominations, but the leader of the largest group would typically prevail due to the size of their group.

Members raised repeated concerns were about the implications of the terminology change on the democratic process.

Vice Chairman Cllr Dobbie expressed support for the array of proposed changes, citing the need to adhere to legal advice.

Further discussion highlighted the desire to clarify the legal advice and its implications. In response, the Monitoring Officer suggested to the Committee that the date of receipt of the legal advice and the relevant regulations could be added as a footnote in the document to ensure the reasons for the change were clear.

The Chairman summarised aspects of the debate, concurring that democracy constituted a choice, even if the outcome was inevitable; however, it was acknowledged that even with a change to the terminology to “appoint”, the practise would remain the same.

A suggestion was made by the Chairman that the Constitution could be amended with the other proposed changes, whilst seeking further legal clarification on the specific point of appointing versus electing the Leader of the Council. With Officers in agreement, the Chairman formally proposed for the Monitoring Officer to seek further clarification on the legal advice, whilst removing the proposed terminology change from the report’s recommendations and proceeding with the other constitutional amendments.

Regarding the proposed change in terminology, the Chief Executive outlined the potential issues surrounding electing a Leader in the event of a hung Council. It was cited that if the leader of the largest political group was unable to secure a majority of votes, it would lead to difficulties regarding what the Council was legally able to implement.

A Member of the Committee made a request for a recorded vote, which was duly seconded.

On being put to the vote, votes were cast in the following manner:

**For:** Councillors Barrett, Brockway, and Bunney

**Against:** None

**Abstain:** Councillor Dobbie

With a total of three votes cast in favour, no votes against and one abstention, and with the amendment to the seek further clarification on the legal advice agreed upon, after been moved, seconded and voted upon, it was therefore

**RESOLVED** that

- a) the position in relation to the Constitutional amendments relating to articles and Committees had been received and noted; and
- b) the Constitutional amendments, as outlined in Appendix 1, be accepted, with the exception of “appoint a leader”, and it be **RECOMMENDED** to full Council for approval on 12 May 2025

### 137 MONITORING OFFICER'S ANNUAL REPORT

Members of the Committee heard from the Monitoring Officer who introduced the report. It was stated that the report for 2024-2025 aimed to provide an overview of governance matters associated with the Governance and Audit Committee. The Monitoring Officer noted the report included details of governance arrangements in place to manage commercial and economic growth, updates on complaints received under the Code of Conduct, pending appointments of independent laypersons, updates on the use of urgent delegated decisions, and an update on the Council's Regulation of Investigatory Powers (RIPA) Policy.

It was explained that regarding the Council and companies, four companies were listed at paragraph 2.2 of the report; no major concerns had been reported around the governance of the companies, and they had not been subject to any legal challenge. The Monitoring Officer specified that the Council had not purchased any additional investment properties during 2024-2025, and no matters of concern were raised around subsidy control. It was stated that the Contract Procedure Rules had been updated in line with new procurement changes, and training sessions were provided to staff. According to the Monitoring Officer, the Council had received 19 complaints under the Code of Conduct regime during 2024-2025, with details provided in the report. It was noted that the Government was reviewing the standards legal framework, and this would be monitored as it developed.

The Monitoring Officer informed the Committee that interviews had been conducted for Independent Members of the Remuneration Panel, and the report recommended the appointment of Ms Sarah Lawrie and Ms Fiona Souter to the panel. It was emphasised that the successful candidates had experience in government organisations, lived locally, and wanted to become more involved with their Council.

It was confirmed by the Monitoring Officer that in the year 2024-2025, two urgent delegated decisions had been made relating to the Local Authority Housing Fund and a decision requiring urgency regarding Thurrock Council litigation. The Monitoring Officer concluded that the Council had not needed to use its formal powers under the RIPA regime but had policies and procedures in place as needed.

The Chairman acknowledged the role of the Monitoring Officer and Deputy Monitoring Officer in handling issues brought by parish councils, which could be time-consuming and complex.

Having been proposed and seconded, the Chairman took the vote, and it was

#### **RESOLVED** that:

- a) The information contained with the Monitoring Officer's Annual Report be received and **RECOMMENDED** to Annual Council for endorsement; and
- b) it be agreed that the governance, as outlined in Section 2 of the report, in respect of managing Commercial and Economic Growth provided assurance that the Council was taking appropriate mitigating measures against the risks identified in its commercial approach; and

the following appointments be **RECOMMENDED** to Council:

- c) the appointment of Ms Fiona Souter as a Member of the Independent remuneration Panel until Annual Council May 2029 (Section 7.1 of the report) be approved; and
- d) the appointment of Ms Sarah Lawrie as a Member of the Independent remuneration Panel until Annual Council May 2029 (Section 7.1 of the report) be approved.

### **138 COMMITTEE WORK PLAN**

With no comments or questions, the Committee Work Plan was **DULY NOTED**.

The meeting concluded at 4.07 pm.

Chairman