

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Governance and Audit Committee held in the Council Chamber - The Guildhall on 29 July 2025 commencing at 2.00 pm.

Present: Councillor Stephen Bunney (Chairman for the meeting)
Councillor John Barrett
Councillor Owen Bierley
Councillor David Dobbie
Councillor Mrs Angela Lawrence
Councillor Baptiste Velan
Alison Adams

In Attendance:
Peter Davy Director of Finance and Assets (Section 151 Officer)
Lisa Langdon Assistant Director People and Democratic (Monitoring Officer)
Badar Abbas Senior Manager - KPMG
Aaron Macdonald Client Manager RSM
Comie Campbell Interim Financial Services Manager (Deputy S151)
Natalie Kostiuik Customer Experience Officer
Natalie Smalley Democratic and Civic Officer

11 TO OPEN THE MEETING AND APPOINT A CHAIRMAN

The Democratic and Civic Officer opened the meeting and explained that, as there was currently no Chairman or Vice Chairman of the Governance and Audit Committee, the first item of business for the Committee was to appoint a Chairman for the meeting. Proposals were duly sought.

A Member of the Committee proposed Cllr Bunney, this was duly seconded.

A Member of the Committee proposed Cllr Dobbie, this was duly seconded.

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

With no other proposals forthcoming, on being put to the vote, votes were cast in the following manner:

In favour of Councillor Bunney: Councillors Barrett, Bierley, Lawrence.

In favour of Councillor Dobbie: Councillors Dobbie, Velan.

Abstain: Councillor Bunney.

With a total of three votes cast in favour of Councillor Bunney, two votes in favour of Councillor Dobbie, and one abstention, it was

RESOLVED that Cllr Bunney would be the Chairman for the duration of the meeting

12 PUBLIC PARTICIPATION PERIOD

There was no public participation.

13 MINUTES OF PREVIOUS MEETING

RESOLVED that the Minutes of the Meeting of the Governance and Audit Committee held on 10 June 2025 be confirmed and signed as a correct record.

14 MEMBERS DECLARATIONS OF INTEREST

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

15 MATTERS ARISING SCHEDULE

The Democratic and Civic Officer drew the Committee's attention to the matter arising titled 'Audit of Procurement Lincolnshire'; it was explained that a representative of Lincolnshire County Council would be attending the 30 September 2025 Committee meeting to update the Committee on the work of Procurement Lincolnshire. Members were encouraged to submit questions ahead of time via email to be passed on to the representative.

With no comments or questions, the Matters Arising Schedule, setting out the position of previously agreed actions as at 21 July 2025, was **NOTED**.

16 QUARTER ONE STRATEGIC RISK REPORT

The Committee heard from the Monitoring Officer, who introduced the Quarter One review of the Strategic Risk Register, as at June 2025. It was noted that the register had been categorised into risks concerning the Council, its people, its place, and overarching risks. Since April 2025, it was stated that amendments had been made to the register. Specifically, Risk CO3 had been revised to state that 'the quality of services did not meet realistic customer expectations', following feedback received from the Committee. Additionally, Risks OV1 and OV6 had been assigned new risk owners, namely Mr Bill Cullen, Interim Head of Paid Service. Members were invited to provide feedback or raise questions, which would be relayed to the Management Team.

A Member of the Committee raised concern regarding the inherent score of 12 associated with the delivery programme, as referenced on page 58 of the report pack. It was hoped that this score would be revised following the appointment of the new Chief Executive Officer and Leader of the Council.

Concern was expressed by several Members of the Committee regarding the current

absence of both a Leader of the Council, and a Deputy Leader. A Committee Member remarked that the simultaneous removal of both leadership figures was an abnormal occurrence, particularly given the recent appointment of an Interim Head of Paid Service.

Queries were raised regarding planning surrounding the Council's strategic direction. In response, the Monitoring Officer confirmed that the current Corporate Plan had been approved prior to the last election and was intended to run from 2023 to 2027. It was stated that Officers continued to progress business as usual and work towards current projects. The Monitoring Officer proposed that the matter be raised with the Management Team and, depending on developments at the full Council meeting scheduled for 8 September 2025, consideration be given to adding a related item to the Strategic Risk Register. This would then be brought before the Governance and Audit Committee at its next meeting on 30 September 2025. The Committee were assured that while Officers could not determine political leadership, the implications of the current situation would be monitored and assessed.

The Chairman concluded that while the Committee was not in a position to set risks directly, it could influence the strategic direction and ensure that emerging concerns were appropriately considered.

A query was raised regarding the Auditors' perspective on the delay to strategic plans. The Internal Auditor responded that the matter was not included within the current audit plan and therefore fell outside the scope of their formal assessment. It was stated that the issue was likely to be considered a political matter and not one on which Auditors would be expected to comment directly.

From an External Audit perspective, it was clarified that arrangements relating to value for money would be considered. Although the current focus remained on the period ending 31 March 2025, subsequent developments would be taken into account. The Chairman summarised that the absence of strategic planning might be addressed by External Auditors in their value for money statement, potentially in future commentary, depending on the duration and resolution of the issue.

The Chairman then drew attention to the forthcoming Local Government review and the potential transition of district councils to unitary status. It was noted that such a change could necessitate the adoption of cabinet-style governance, which would differ from the current committee system. Concern was expressed that this shift might pose a risk to the authority, particularly during any transitional period.

In response, the Monitoring Officer confirmed that the proposed abolition of the committee system was included in the English Devolution and Community Empowerment Bill. It was stated that the bill was not expected to become law until 2026, and that a one-year transition period had been proposed. Possible exemptions for councils undergoing Local Government Reorganisation were noted, and the Committee was assured that the situation was being monitored, with updates to be provided as necessary.

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

RESOLVED that the register be reviewed with the existence of any additional risks of

a strategic nature and the robustness of current controls and proposed actions considered.

17 INTERNAL AUDIT PROGRESS REPORT

Members of the Committee heard from the Internal Auditor, who introduced the report. It was explained that the report provided an update on progress made throughout the year; the Committee were also assured that the audit programme remained on track for completion by March 2026. It was noted that one report had been finalised since the last meeting, the Follow-Up Audit had also been completed and was scheduled for presentation at the September 2025 meeting. It was also stated that three additional audits had been scoped and were progressing as planned.

The finalised report related to a Fraud Risk Assessment conducted by RSM. It was recalled that the initial assessment had identified several actions and recommendations, which had been incorporated into the audit plan for follow-up. Reasonable assurance had been provided, with three medium and one low priority management actions agreed. It was highlighted that these actions focused on the formal tracking of recommendations, including the assignment of owners, deadlines, and monitoring processes. At the time of the audit, it was explained that 18 actions remained outstanding, however, it was reported that a tracker had since been implemented, and progress was being monitored. The Auditor explained that the latest completion date on the tracker was noted as December 2025, with the expectation that all actions would be closed by year-end. The Committee was advised that a further update would be brought forward to confirm the mitigation of identified fraud risks.

A Committee Member raised a question regarding delays in audit work observed in other councils. In response, the Auditor clarified that delays in audit completion had historically been associated with External Audit processes. It was confirmed that the Internal Audit programme for the Council remained on track, with the previous year's audits completed on time, and no anticipated delays for the current year.

Members of the Committee expressed satisfaction with the report and acknowledged the improvements made since the transition to the current Internal and External Auditors. It was observed that the Council had previously been at risk of falling into categories of concern due to delays, but that progress had since been made, and the current position was viewed positively.

The longstanding cooperation between the Council and its Auditors was noted. It was stated that, despite occasional timing issues with sign-off, a strong working relationship had been maintained, with Auditors consistently attending Governance and Audit Committee meetings. The Chairman agreed that the current situation represented an improvement over previous years, when uncertainty had existed regarding Audit attendance and progress.

The Chairman then drew attention to the outcome of the Fraud Risk Assessment, it was noted that the absence of an action plan tracker and the handover of the Section 151 Officer role had resulted in some Officers being unaware of Management actions, leading to 18 actions remaining unimplemented. A request was made for clarification on measures being introduced to prevent recurrence.

Reference was also made to page 73, where the Chairman stated that a low-priority item had highlighted the need for Management to ensure regular reporting of actions. It was emphasised that structural clarity was essential, particularly during periods of senior staff transition.

In response, the Internal Auditor confirmed that a tracker had already been implemented shortly after the audit, indicating that the issue had been taken seriously. Regarding ongoing assurance, it was stated that both Management updates and audit follow-ups would be used to monitor progress. It was confirmed that the completed Follow-Up Audit would not include the outstanding actions, but that these would be incorporated into the next Follow-Up Audit scheduled for early 2026. This would allow the Committee to receive assurance both from Management and from the Audit Team that the actions had been completed and could be formally closed.

In response to a question from a Member of the Committee, it was confirmed by the Internal Auditor that two Follow-Up Audits were conducted annually and that all actions from the prior year were included in the review cycle. Assurance was provided that no actions were omitted or overlooked. It was stated that the actions referenced in the current report, along with existing ones, would be incorporated into the audit cycle and scheduled for follow-up in January or February 2026.

Clarification was sought by the Chairman regarding the process for closing actions. In response, the Internal Auditor confirmed that once actions had successfully passed through two audit cycles with positive outcomes, they would be removed from the tracker. It was reiterated that all actions would be added to the tracker and reviewed during the scheduled follow-up period. A report would then be presented to the Committee indicating whether actions had been completed or required further attention.

A Member of the Committee expressed appreciation for the significant work undertaken by Officers. It was hoped that the outcome would result in substantial assurance due to the efforts made.

Having been proposed, seconded, and voted upon, it was unanimously

RESOLVED that the Governance and Audit Committee had reviewed the progress to date and the content of the report, be agreed.

18 DRAFT STATEMENT OF ACCOUNTS 2024/25

The Committee heard from the Interim Financial Services Manager who introduced the report. It was confirmed that any comments arising from the review were to be referred to the Council's Section 151 Officer, the Interim Financial Services Manager, and the Council's External Auditors, KPMG. The Committee was reminded of its responsibility for approving the Statement of Accounts and any material amendments recommended by the External Auditors.

It was noted that, in accordance with the Council's constitution, Members would receive specific training on the Statement of Accounts prior to the November 2025 Committee meeting, at which the final audited accounts were scheduled to be presented for approval. It

was highlighted that the accounts had been prepared in line with the International Financial Reporting Standards-based Code of Practice and local authority accounting requirements. The accounts had been published on the Council's website and submitted to the Auditors by the statutory deadline of 30 June 2025.

The Manager reported that KPMG had commenced their audit on 28 July 2025, with the process expected to last five weeks. Their findings were scheduled to be presented to the Committee in November 2025. Clarification was provided regarding the presentation of figures within the accounts, with positive values representing expenditure and negative values (indicated by brackets or minus signs) representing income.

Attention was drawn to the primary statements, which showed an improved balance sheet position of £50.9 million for 2024–25, compared to £42.4 million for 2023–24. It was stated that the improvement of £8.5 million was attributed primarily to increases in long-term asset values, reflected in the revaluation reserve and capital adjustment accounts. The Manager explained that a reduction in the pension fund liability from £10.4 million to £9.8 million had also contributed to the improved position.

The Manager continued, adding that the General Fund Working Balance Reserve had increased to £4.478 million, in line with planned targets and within prudent levels. Earmarked reserves totalled £19.6 million, bringing the overall reserve position to just over £24 million. It was stated that the Council had achieved a budget surplus for 2024–25. It was also noted that £3.07 million in capital grants remained held at the balance sheet date for schemes scheduled for delivery in 2025–26.

Lastly, it was highlighted that Comprehensive Income and Expenditure Statement showed an accounting surplus on services of £6.339 million, compared to £2.519 million in the 2023–2024. Despite the technical nature of the document, the key message conveyed was that the Council maintained strong reserve levels and a robust medium-term financial strategy, confirming its status as a going concern with no material uncertainty at the time of reporting. The Manager concluded by giving thanks to the Finance Team for their efforts in producing the accounts within the required timeframe.

A Committee Member raised a technical question regarding the calculation of the minimum threshold for the General Fund Balance. The Section 151 Officer responded that the threshold was determined annually by the Council. It was explained that the reserve served as an emergency fund, distinct from earmarked reserves. The Officer continued, explaining that the calculation was based on a range of factors, including total service expenditure, grant income, council tax levels, identified risks, and any outstanding legal matters. It was stated that the current threshold was considered to represent over 10% of net service expenditure and was deemed appropriate in the context of the Council's risk profile.

Clarification was sought from a Chairman regarding the approval process for the reserve figures included in the Statement of Accounts. It was confirmed by the Section 151 Officer that the reserve levels were reviewed annually and presented to the Corporate Policy and Resources Committee, before being submitted to full Council for approval as part of the budget process. It was therefore noted that the figures were endorsed by Elected Members and could be amended if necessary, subject to Officer advice.

A query was raised regarding changes in settlement funding levels since 2010–11, noting a

steady decline until 2021–23, followed by a recent increase of approximately £3 million. The Section 151 Officer clarified that settlement funding figures did not include specific grants such as those received through the Levelling Up Fund. It was confirmed that funding had decreased from over £8 million in 2010–11 to approximately £6 million, even before adjusting for inflation. The recent increase in funding from 2023–24 was attributed to post-COVID pressures and increased demand for a range of different services. It was reported that a new three-year local government grant settlement was expected, which would provide greater financial stability. However, it was acknowledged that the quality of that stability remained uncertain. The Officer confirmed that a business rates reset was anticipated, and the Council's business rates volatility reserve was expected to mitigate potential impacts. It was stated that local economic growth could positively influence business rates funding, though the broader funding landscape remained unpredictable.

The S151 Officer highlighted the Council's financial resilience, with strong levels of earmarked and general reserves noted. It was stated that the Council would be able to manage any funding shocks over the three-year settlement period, although longer-term implications remained unclear due to LGR.

Questions were posed by the Chairman regarding the COVID Business Support Grant. It was observed that the grant amount had reduced to a relatively small figure and that income had increased while expenditure had declined. Clarification was requested on whether the grant was being phased out and whether the increase in income was due to repayments.

In response, S151 Officer confirmed that specific details could be provided to the Committee. It was stated that COVID Business Support Grants had been repaid in cases where recipients had been deemed ineligible or where claims had been made in error. It was noted that, although the grant line would likely be removed in future, it would remain in the accounts for the following year as part of the comparative figures for 2024–25. Removal would only occur once the figures had reached zero across all relevant years.

The Chairman then directed attention to the balance sheet on page 110, where short-term debtors totalling nearly £7 million were noted, clarification was therefore requested regarding the assurance of repayment. In response, the Section 151 Officer referred the Committee to note 19 on page 152, which detailed the composition of the debtor balances. It was explained that the larger balances related to Central Government bodies and other local authorities, and were attributed to timing differences such as year-end grant claims and VAT payments; it was confirmed that these amounts were expected to be received.

The S151 Officer continued, explaining that trade receivables had decreased from the previous year and that a robust debt collection policy was in place. Where debts were deemed uncollectible, a provision for expected credit loss had been applied. It was noted that this provision had also decreased, reflecting an overall reduction in debt levels. Assurance was given that all reasonable efforts were made to recover outstanding debts.

The Chairman noted that while trade receivables had declined, balances under 'other entities and individuals' had increased. It was suggested that some debts from 2023–24 may have carried over into 2024–25. The Section 151 Officer acknowledged that this was likely, though further detail would be provided at a later stage.

Further comments were made by the Chairman regarding the presentation of earmarked

reserves. It was suggested that greater transparency could be achieved by expanding the notes to include specific allocations or by directing Committee Members to the relevant documentation. It was emphasised that Councillors should be fully informed of the nature and purpose of earmarked reserves, particularly as priorities may shift over time. In response, The Section 151 Officer confirmed that note 11 could be expanded to include a full list of earmarked reserves, categorised under contingency risk, service investment renewals, and strategic priorities.

A Query was made by a Committee Member regarding the balance sheet and associated notes, specifically short-term borrowing and note 18. In response, it was confirmed by the Section 151 Officer that short-term borrowing had remained constant at £10 million for both 2024–25 and 2023–24, while long-term borrowing had also remained unchanged at £14 million. It was stated that the short-term borrowing requirement was attributed to the timing of council tax collection, which was typically received in ten instalments but paid out monthly. This created a cash flow gap in the final months of the financial year, necessitating temporary borrowing.

It was noted by the S151 Officer that the Government was consulting on changes to council tax regulations, with a proposal to make twelve-month instalments the default collection method. If implemented, this change could reduce the need for short-term borrowing at year-end, though it would also result in lower cash availability during the earlier part of the year.

The S151 Officer continued, explaining that long-term borrowing was held with the Public Works Loan Board (PWLb) at very low interest rates, some as low as 1–2%. It was explained that early repayment of these loans would not be financially advantageous due to current refinancing rates being significantly higher, at approximately 6%. Retaining the existing borrowing arrangements was therefore considered more cost-effective. It was confirmed that surplus cash could be invested, often with good returns. It was noted that forward-locking of borrowing was used to mitigate interest rate volatility, particularly in the autumn when demand for borrowing increased among district councils.

The Chairman thanked the Section 151 Officer and the Finance Team, as well as the Council's External Auditors, for their work in preparing the accounts and ensuring they were completed and published on time. Members were reminded that the accounts would return to the Committee later in the year. In the interim, any questions arising should be submitted to the Finance Team in advance, either for response at the meeting or for circulation in writing.

Having been proposed, seconded, and voted upon, it was unanimously

RESOLVED that the attached Unaudited Statement of Accounts 2024/25 be pre-scrutinised, with any comments from the Committee to be referred to the Section 151 Officer and the Council's external auditors, KPMG.

19 (DRAFT) ANNUAL GOVERNANCE STATEMENT 2024 - 2025

Members of the Committee heard from the Monitoring Officer who introduced the report. It was highlighted that the Council was required to publish an Annual Governance Statement alongside the Statement of Accounts, with the first draft of the document included within the

report pack. Members of the Committee were invited to provide comments either during the meeting or subsequently to the Monitoring Officer or the Section 151 Officer. It was stated that a revised draft would be produced following feedback, reviewed by the Management Team, and brought back before the Committee in the autumn for further consideration.

The Monitoring Officer then drew attention to Section 6 of the statement, which looked ahead to the coming year. It was noted that reference to the Greater Lincolnshire Mayoral Combined Authority and its implications for the District Council had not yet been included. It was proposed that this reference would be added prior to the statement's return to the Committee.

A Committee Member raised a point regarding the group composition of Councillors listed on page 217, noting that the representation of the 'Consensus Independents' group appeared to be missing. The Monitoring Officer reiterated that the Annual Governance Statement represented a snapshot in time aligned with the Statement of Accounts, but the composition detail would be revisited before the document was returned to the Committee.

Having been proposed and seconded, and voted upon, it was

RESOLVED that Members reviewed the DRAFT Annual Governance Statement and provided any comments.

20 ANNUAL VOICE OF THE CUSTOMER REPORT 2024/25

The Committee heard from the Customer Experience Manager, who introduced the report. It was highlighted that report included data on customer feedback, satisfaction levels, and service demand. The Manager reported that the year had been positive overall for customer experience; a new contact centre had been implemented, and a new customer experience strategy introduced, contributing to improved outcomes. It was noted that complaints had reduced while compliments had increased. Overall customer satisfaction had risen by 5%, reaching 87% overall, this improvement was attributed to the introduction of a new Customer Relationship Management (CRM) system, which had enhanced communication and service tracking for customers. It was highlighted that the newly launched Big Bin Clear Out service, introduced in April 2024, had received a satisfaction score of 95%.

The Manager continued, adding that of the 159 complaints received, 31 had been upheld, representing a decrease to 20%, and all improvement actions arising from upheld complaints had been completed. It was stated that one complaint had been upheld by the Ombudsman during the year, relating to a noise issue. No injustice had been found, but a request had been made to update information, with further details to be provided in a subsequent report to the Committee.

It was explained that customer demand had increased across all channels, with a notable rise in face-to-face contact at the Guildhall, particularly for tenant services. It was stated that telephone and online channels accounted for 94% of all contact. The Manager confirmed that work would commence on implementing a new two-stage complaints process, as recommended to all councils by the Ombudsman, with introduction planned for April 2026, subject to Management and Committee approval.

A Member of the Committee welcomed the report and praised the improvements made in customer access and service delivery. It was noted that the report reflected the Council's investment in service accessibility and responsiveness. The increase in compliments was highlighted as particularly encouraging.

A Committee Member raised a query regarding the measurement of face-to-face contact, specifically whether visitors accessing tenant services such as Job Centre Plus were included in the statistics. It was confirmed by the Manager that all individuals entering the building were counted, as initial contact was made with Council Staff.

The Chairman expressed concern about accessibility for residents living outside the Gainsborough area. It was acknowledged that while most customers used digital or telephone channels, some individuals—particularly those less comfortable with technology—continued to rely on face-to-face contact. It was emphasised that further consideration should be given to supporting those who struggled with digital access or experienced distress when contacting the Council. The Chairman noted that Officers occasionally provided outreach support, but awareness of this service was limited among Councillors and residents. The importance of ensuring equitable access to services across the district was stressed.

It was acknowledged by the Manager that not all residents found it easy to access services, and assurance was given that where individuals were unable to do so, outreach support would be provided. It was reported that additional engagement activities were planned, including Officer attendance at local coffee mornings in community centres and village halls across the district. These events were intended to raise awareness of available services and improve community access.

A suggestion was made by the Chairman that Councillors be provided with flyers or posters for display on local noticeboards, outlining how residents could seek help. The Chairman and other Committee Members highlighted that the Council's homepage was not always intuitive, especially when accessed via mobile devices, and that improvements were needed to ensure accessibility for all users. In response, the Manager confirmed that a comprehensive review of the Council's website was underway to enhance user experience across all devices. It was highlighted that a new chatbot had been launched during the week, offering real-time assistance across all pages of the site.

The Chairman acknowledged the value of direct engagement between residents and officers, emphasising the importance of maintaining visibility and responsiveness within the community.

Members of the Committee commended the significant increase in compliments received. The efforts of the customer service team were recognised by the Committee, and praise was given for their outreach work, including engagement with town councils. It was suggested that such engagement should be expanded and strengthened in anticipation of potential Local Government Reorganisation, with community-level links becoming increasingly important.

Further acknowledgement was given to the positive work undertaken by Officers, particularly in relation to grants, sports, and cultural services.

The Chairman concluded by inviting members to join in offering congratulations to the Customer Services team, recognising the positive impact of their efforts. It was noted that while complaints had been discussed during the meeting, the volume of compliments received was a clear reflection of the high standard of service delivered.

Having been proposed, seconded, and voted upon, it was unanimously

RESOLVED that the contents of the Annual Voice of the Customer Report for 2024/25 be welcomed, and the progress that had been made by the Council in improving the customer experience over the last 12 months be noted.

21 COMMITTEE WORK PLAN

A Committee Member expressed appreciation for the recent introduction of additional nameplates for Committee participants. It was stated that the additional nameplates were considered to enhance accessibility and engagement for observers, allowing clearer identification of speakers.

The Chairman proceeded to recognise the contributions of Councillor Brockway, who was no longer serving on the Governance and Audit Committee. Gratitude was expressed for her efforts over the years, particularly her clarity in questioning and her commitment to improving understanding amongst Committee Members and the public.

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

The meeting concluded at 3.20 pm.

Chairman