

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Governance and Audit Committee held in the Virtual - MS Teams on 12 January 2021 commencing at 2.00 pm.

Present: Councillor John McNeill (Chairman)
Councillor Mrs Jackie Brockway (Vice-Chairman)

Councillor Stephen Bunney
Councillor Mrs Tracey Coulson
Councillor David Dobbie
Councillor Mrs Caralyne Grimble
Councillor Mrs Angela White
Alison Adams
Andrew Morriss

In Attendance:

Alan Robinson	Director of Corporate Services and Monitoring Officer
Emma Bee	Audit Manager
Tracey Bircumshaw	Assistant Director of Finance and Property Services and Section 151 Officer
James O'Shaughnessy	Corporate Policy Manager & Deputy Monitoring Officer
Ele Snow	Democratic and Civic Officer
Katie Storr	Senior Democratic & Civic Officer
James Welbourn	Democratic and Civic Officer

Apologies: Peter Walton

41 PUBLIC PARTICIPATION PERIOD

A question and statement had been received from a member of the public:

The question is: **How can WLDC provide focus and guidance to help engage fellow villagers of Normanby and Owmbly to ask for a governance review (in the form of a public petition) when there is so little information currently available for us to act upon?**

A governance review that would request for a boundary to be redrawn would enable the merger of the two current parish councils, becoming one council. We believe this would enable effective, respected administration and efficient governance of our community, reflecting the current public spirit and friendship of our villages. **We would welcome guidance from the district council to include a factual time frame, with the practical steps the review would follow**, with clear guidelines and transparency that can be well understood and interpreted by us all as residents. **We also seek assurance that the new reformed boundary will be for administration only and that the villages of Normanby-by-Spital and Owmbly-by-Spital are both assured of retaining their individual character and village identity. This request for a review is purely to cohesively administer the**

governance and day to day running and become one effective 'parish' council.

We believe that WLDC are aware that there is an appetite for change in our villages and that this would also futureproof the governance of our community for years to come. Normanby PC as it currently stands, indicates most councillors wish to continue with the same ideology and values as it has administered for decades. What can WLDC do to support not only myself (as a parishioner) but also many other residents who believe the current council do not reflect or act in the best interests of the people they are there to represent?

We seek the guidance of the Governance and Audit committee and are aware the next local government elections will be held in 2023. It would be most desirable to engage with the committee to achieve a governance review for Normanby and Owmbly within this timeframe.

On a separate matter: May I ask if the committee are aware of several code of conduct complaints raised between current Normanby councillors, and if this is seen as appropriate behaviour? Whilst there should be procedural recourse for complaints, this appears to illustrate a total inability to function effectively and work cohesively together for the community. It is further evidence of a poorly-run council and the complaints system in place appears to have been utilised inappropriately to a point where it is in danger of losing impact.

We look forward to your guidance and reply.

The response from the Governance and Audit Chairman was as follows:

Thank you for your question, the first we have received at the Governance & Audit Committee in over six years. You will receive a written copy of this response following the meeting.

I will begin with the second matter you raise concerning the number of recent Standards complaints regarding Normanby-by-Spital Parish Council. I can confirm that I am aware that complaints have been received and that these have been considered by officers and the Independent Person in line with the Council's policy and procedures. Standards complaints are not reported to this committee, but the overall details are reported to Annual Council in the Monitoring Officers Report.

Moving to the primary matter of your question, local Government in the UK is divided into four tiers, Unitary Authorities, Upper Tier (Counties), Lower Tier (District/Boroughs) and Fourth Tier (Parish/Town Councils).

Parishes are the smallest areas of civil administration in England. Parish and Town Councils are the closest level of government to the community they represent. The powers of parishes vary depending on how large and how active they are. Some meet infrequently and are responsible for very few matters. Other, often larger, parishes undertake many duties such as managing cemeteries, allotments, commons, village halls, war memorials and markets while also undertaking functions to do with street lighting and verge cutting.

Across West Lindsey there are 128 Parishes, of which 78 are served by Parish or Town Councils who can be contacted through a Parish or Town Clerk. Many of the remaining

parishes have formed parish meetings.

Community Governance Reviews vary considerably, depending on the nature of the changes being considered and on local circumstances. Guidance on these Reviews was published by the Department for Communities & Local Government and the Local Government Boundary Commission for England in 2010, a copy of which will be provided to you (<http://www.communities.gov.uk/publications/localgovernment/guidancecommunitygovernance2010>).

The guidance, aimed largely at principal authorities, offers advice about undertaking a review and implementing its recommendations. The advice includes that it would be good practice for a principal authority to consider conducting a review every 10 to 15 years.

The Act requires principal authorities to take account of certain criteria when conducting a review, namely:

- The identities and interests of the community in an area; and
- The effective and convenient governance of the area.

They are also advised to consider factors such as:

- What impact proposed community governance arrangements might have on community cohesion; and
- Whether the size (meaning area), population and boundaries proposed for local governance make sense on the ground and contribute to the above criteria.

Overall, local council arrangements should lead to improved local democracy, greater community engagement and better local service delivery. The process required to be adhered to can typically take up to 12 months to complete.

To trigger a review and therefore begin the process either a principal authority needs to decide to undertake one or a valid community petition needs to be received by the principal authority. To be valid a petition must demonstrate sufficient support among the electorate for certain changes. This equates to 50% signing the petition in an area with fewer than 500 electors, or 250 signing in an area with between 500 and 2,500 electors, or 10% signing in an area with more than 2,500 electors. You will note that the threshold for a petition to trigger a review is quite high for small communities like Normanby-by-Spital and Owmbly-by-Spital.

If a principal authority decides to undertake a review, it can decide whether it is for all or only part of its area. Having made the decision to undertake a review a Terms of Reference stating the matters and geographic area to be covered are drawn up and published and other local authorities are notified.

To undertake the review the principal authority must consult electors in the affected area and other bodies with an interest, including other local councils. It must then consider the representations received.

Bearing in mind representations received, the criteria and other factors, including alternative forms of governance in the area (for example residents associations and neighbourhood forums) the principal authority formally recommends an outcome from the review. It must publish its recommendations and the reasons for them, informing those with an interest.

To implement the recommendations of the review the principal authority makes a Reorganisation Order to put into effect any changes and this must include a detailed map of the boundaries; it publishes the Order and map for public inspection, and it must inform specified bodies (for example the Ordnance Survey). It should include in the Order any agreed incidental issues (for example the transfer of assets).

An Order is often written to come into force the following April, typically a new local council is then elected in May.

In the event of the electors of Normanby-by-Spital and Owmbly-by-Spital jointly obtaining sufficient support to trigger a review, The Council would fully consider such a request. If a petition were to be received this year and The Council decided to undertake the review, we would expect a reorganisation order to most likely be made in 2022, and coming into effect in 2023, so that any new or revised parish electoral arrangements come into force in time for the ordinary parish elections.

I can also confirm that work is already underway by The Council to consider the need to hold a Community Governance Review as part of its work on 4th Tier Governance, in particular we are preparing to consult on what matters and areas may need reviewing; this has been delayed because of the Covid-19 pandemic. However, please be assured that, if you are unable to gain sufficient support in a petition, this matter will be considered as part of our 4th Tier Governance Review.

I hope that the response I have provided is helpful. You may wish to stay for the rest of this meeting, but if not, thank you for your question.

42 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 13 October 2020 were approved as a correct record.

43 MEMBERS DECLARATIONS OF INTEREST

There were no declarations of interest.

44 MATTERS ARISING SCHEDULE

The matter arising was noted.

45 UPDATE ON GOVERNANCE AND AUDIT COMMITTEE'S EFFECTIVENESS ACTION PLAN

Members considered an update on the Governance and Audit Committee's effectiveness action plan.

The Corporate Policy Manager introduced the report, and informed Committee that the Governance and Audit Committee Effectiveness working group had met and reviewed areas for improvement highlighted by a survey carried out by committee members in March 2020. An action plan had been devised, setting out the working group's intentions.

It was hoped that if proposed, the items in the action plan would be completed by July 2021.

The following points were highlighted:

- Members were keen to continue with pre-meetings before the formal Governance and Audit committee meeting. This had not occurred prior to the October 2020 and January 2021 meetings; however this was due to training taking place before these meetings, and there being no desire for a further pre-meeting;
- Sessions on improving financial literacy had been offered by the Local Government Information Unit (LGIU), and were provisionally pencilled in for February and early March.

The report was moved, seconded, and following a vote it was unanimously **RESOLVED** to:

- (1) Approve the Action Plan;
- (2) Be assured that the Action Plan would adequately address the identified areas for improvement;
- (3) Request that progress on the Action Plan be reported back to the committee in July 2021.

46 BI-ANNUAL REVIEW OF STRATEGIC RISKS

Members considered a report outlining the strategic risks facing the Authority as at January 2021.

The Corporate Policy and Governance Manager introduced the report, and highlighted the following points:

- ‘Risk Managers’ were asked to score their risks at their current state and determine the desirable level of risk for each topic. This methodology had been agreed by the Governance and Audit Committee in 2020;
- Covid-19 continued to have an impact on Council operations. It had not been reflected as a risk in its own right; rather it had been reflected in each individual risk where applicable;
- Brexit continued to be a risk, although it had not been disproportionately referred to within the report as some of its impacts had now been addressed. Three areas related to Brexit remained as risks:
 - Hold ups at ports and the impact on road networks;
 - Data handling;
 - Procurement related matters.

On this last area, the committee were informed that the Authority’s procurement arrangements were adequate for the immediate future.

Members then asked questions of officers. Further information was highlighted:

- Although there are lots of areas that could potentially be risk factors, not all of them are under the direct influence of West Lindsey District Council;
- The schools educational programme on recycling was due to be completed by November 2022; this would have more traction if schools were more accessible. The Environment and Sustainability Working Group were investigating these issues, and the work would be started as soon as practicably possible;
- It was part of ongoing risk management to keep abreast of local issues related to health and wellbeing and the climate.

As a risk, the climate was similar to Covid-19 as it touched so many of the Authority's operations. In the future, it could become a risk in its own right; this would avoid it being diluted by being filtered through other risks;

- Although there were initiatives mentioned in the report specific to Gainsborough, it was important not to forget the rest of the District;
- On the issue of housing improvement, the addition of a survey of current disused housing may be appropriate;
- When officers look at risks they look at the impact on the Corporate Plan objectives. It was important for the Authority to keep its guard against disinformation, as it was very much being seen at a local level.

Trusted sources were used to gather information, such as the Census and the State of the District report.

Note: Councillor David Dobbie joined the meeting at 1446.

- There was a difference between strategic, and operational risks. Operational risks were managed at a lower level in the organisation, whereas strategic risks were those faced by the Council as a whole. Should an operational risk escalate in nature then it would be reflected within the strategic risks.

The paper was then moved, seconded, and following a vote it was unanimously **RESOLVED** to:

- (1) Note the report and be satisfied that any additional risks of a strategic nature had been identified by Members;
- (2) Be assured that current risk management controls and proposed actions were sufficiently robust.

47 INTERNAL AUDIT QUARTER 3 20/21 REPORT

Members considered a progress report by Assurance Lincolnshire against the 2020/2021 annual programmes agreed by the Governance and Audit Committee in March 2020.

By way of introduction, some updates since the publication of the report were provided to committee members:

- The Homelessness audit report had been finalised and given 'substantial' assurance;
- The Strategic Risk audit on the inability to raise local educational attainment and skills was progressing;
- Audits on both the Crematorium and the Waste Depot were at draft stage;
- The Customer Relationship Management (CRM) and IT Helpdesk audits were still at fieldwork stage;
- Some additional work, on the subject of 'subsidy testing' had been undertaken by Assurance Lincolnshire, funded from the contingency allowance.

Following questions from committee Members, further information was provided:

- No staff at Assurance Lincolnshire had been furloughed; however the wellbeing of staff would remain a concern whilst government restrictions were in place;
- There were concerns in different parts of the country around auditors being able to provide an audit opinion on work of Councils; this was not a current concern for Assurance Lincolnshire;
- It had been a challenging year in terms of delivering on the Internal Audit Plan. Plans were constantly being reset and reviewed, which could lead to changes in scheduling. However, in terms of having enough staff to provide an opinion, there were no current concerns for Assurance Lincolnshire;
- Disasters and Crisis response had been raised as a new risk for 2021;
- The 'Wellbeing Lincolnshire' audit was due to be a broad brush review as East Lindsey and North Kesteven District Councils were also involved. This had not been scoped as yet, but the concerns on local vulnerable residents raised by a Member would be taken into account.

The report was then moved and seconded, and following a vote it was unanimously **RESOLVED** to agree that the content of the report had been considered and any actions required had been raised.

48 DRAFT TREASURY MANAGEMENT STRATEGY 2020/21

Members considered a report on the Treasury Management Strategy, Prudential Indicators, Minimum Revenue Provision (MRP) Policy and Capital Investment Strategy to facilitate effective financial management and planning.

The Treasury Management Strategy incorporated the requirements of the latest guidance

from the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry of Communities, Housing and Local Authorities (MCHLG).

The Treasury Management Strategy brought together the:

- borrowing strategy, which would ensure consideration was given to affordability and sustainability for the repayment of debt;
- The Annual Investment Strategy which was to make sure of providing security of the investment, liquidity and cashflow requirements, and finally yield, all are considered in the context of the Council's risk appetite;
- The MRP policy page which determined how the Authority would repay prudential borrowing;
- The Committee are also requested to consider the Capital Investment Strategy, which was the framework by which capital investment and financing decisions would be made.

Draft prudential and treasury indicators were calculated in November and would therefore be updated based on the final Capital Programme and Medium Term Financial Analysis for the final version of the Treasury Management Strategy.

There are 2 changes of note to investments in commercial property, or 'non-treasury investments':

1. In relation to the investment property portfolio, recent changes to the conditions for borrowing from the Public Works Loans Board (PWLB) now excluded being able to borrow for commercial purposes with the primary objective of securing a yield. This meant that any future acquisitions, subject to legal advice would need to be funded from the Authority's resources. At this time it was unclear whether borrowing was allowed for replacement assets and therefore, this element of the strategy would be updated.
2. In respect of the Minimum Revenue Provision the Authority's policy has been amended in relation to the Investment Property Portfolio, and a voluntary minimum revision would be considered on a case by case basis. This would allow any "overpayments" i.e. if the asset sale receipt was in excess of the borrowing outstanding those funds could be "withdrawn" to the General Fund.

This change had been discussed with the Authority's External Auditors, Mazars, who had previously highlighted within their report received by this Committee in September 2020 a conclusion that the MRP policy be reviewed regularly to ensure that it was justified in relation to MCHLG guidance. The Council needed to ensure it acted reasonably, that members understand the policy and that any judgements are prudent and that any investments are proportionate.

There had been Treasury Management training open to all Members of the Council held on 7 January.

Following this introduction there were questions and statements from Members of the

committee. Further information was provided:

- The topic of ethical investing would be explored more and developed in the next year. In terms of acquiring bonds on climate change, the investment value was higher than the funds available;
- There were £32 million of funds available to be utilised, which included £20 million of borrowing from the PWLB;
- The Authority would not borrow for long-term purposes unless it was for the purposes of treasury management. When talking to the PWLB on borrowing, they ask questions on the Authority's capital financing level, whether the borrowing was for a legal purpose and they ask for a limit;
- All monetary grants received by the government are labelled as 'section 31' grants, which means that they can be used for any purpose, although some have repayment conditions.

Any remaining balance from local business grants would have to be repaid; however grants received supporting the Council directly, such as the Recovery of the High Street and signage, would not have to be repaid.

Any savings made from the General Fund would be added to the General Fund balance;

- There had been a guaranteed three months or further support from the government.

The report was moved, seconded, and following a vote it was unanimously **RESOLVED** that:

- (1) The Treasury Management Strategy, Prudential Indicators and Minimum Revenue Provision (MRP) Policy 2021/2022 had been scrutinised and reviewed, and was therefore recommended to Full Council for approval;
- (2) The Capital Investment Strategy in conjunction with the Treasury Management Strategy had been scrutinised and reviewed;
- (3) Approval of any changes to the Capital Strategy and Minimum Revenue Provision (MRP) Policy and Prudential Indicators be delegated to the Chief Finance Officer in consultation with the Chairman of the Governance and Audit Committee, prior to the final strategy being presented to Full Council in March.

49 WORKPLAN

The workplan was noted.

50 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.

51 TREASURY MANAGEMENT PRACTICES

Members scrutinised a report providing the updated Treasury Management Practices and schedules.

The Treasury function was carried out in line with the Treasury Management Code of Practice and the Prudential Code.

The 12 treasury management practices set out how Treasury Management was managed within the Finance Team. Whilst these schedules were reviewed annually there had been a number of changes detailed at 2 in the report.

Within the Internal Audit Quarter 3 report seen previously, the Treasury Management Function had received high assurance for procedures and risk management.

Following questions from Members, further information was provided:

- It was very rare for the Authority to take out long-term investments, other than the CCLA Property Fund;
- The protection on the Authority's bank accounts was the same as for any individual, as it was compensated up to £85,000 under the Financial Services Compensation Scheme;
- It was important to look at lender ratings when borrowing; the Authority had not borrowed from overseas for a long period of time;
- The Authority's counterparty list was managed by an external company, and any changes were reported to the Finance Team on a daily basis. There were limits on how West Lindsey District Council could invest with a counterparty;
- There were no significant changes within the proposed set of practices; however, two minor changes were:
 - Changes to the Minimum Revenue Provision (MRP) Policy;
 - A new Treasury Management system called TM Live had been implemented over the last year. This logged the borrowing and interest of the Authority;
- MIFID 2 was a legislative framework instituted by the European Union to regulate financial markets within the bloc and improve protections for investors. It has meant that if trading in money market funds you would need specific training. The practice had been updated to make sure West Lindsey District Council (WLDC) officers were compliant.

An additional recommendation had previously been suggested by the Chairman, "to recommend to Corporate Policy and Resources Committee the Treasury Management Practices". This, and the two printed recommendations were moved and seconded en bloc,

and following a vote, it was unanimously **RESOLVED** to:

- (1) Be assured of the operational purpose of the updated Treasury Management Practices in effective Treasury management, and be satisfied that the updated practices have been scrutinised;
- (2) approve the scrutiny of Treasury Management Practices at least every 3 years, and in any event when a significant update is required due to changes in legislation or the Prudential Code.

The meeting concluded at 3.42 pm.

Chairman