

## 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 14 September 2017 commencing at 2.30 pm.

**Present:**

Councillor Giles McNeill (Chairman)  
Councillor Mrs Jackie Brockway (Vice-Chairman)

Councillor Mrs Sheila Bibb  
Councillor David Bond  
Councillor John McNeill  
Councillor Mrs Angela White  
Alison Adams (Independent Co-opted Member)  
Andrew Morriss (Independent Co-opted Member)

**In Attendance:**

Ian Knowles	Director of Resources and S151 Officer
Alan Robinson	SL - Democratic and Business Support
Tracey Bircumshaw	Financial Services Manager
Matthew Waller	Internal Audit
John Cornett	External Audit
Michael Norman	Auditor KPMG
Caroline Capon	Principal Accountant
Katie Coughlan	Senior Democratic & Civic Officer
Ele Durrant	Democratic and Civic Officer
James Welbourn	Democratic and Civic Officer

**Apologies:** Peter Walton (Independent Co-opted Member)

**Membership:** No substitutes were appointed for this meeting.

### 28 PUBLIC PARTICIPATION PERIOD

**Note:** The Committee took a five minute recess to allow Members to access their papers as the WIFI in the chamber was not functioning. The meeting recommenced at 2.36pm.

There was no public participation.

### 29 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 25 July 2017 were approved as a correct record and signed by the Chair.

### **30 MEMBERS DECLARATIONS OF INTEREST**

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

### **31 MATTERS ARISING SCHEDULE**

Members gave consideration to the Matters Arising Schedule which set out the current position of all previously agreed actions as at 6 September 2017.

The matter arising on the 'Review of Progress and Delivery Audit recommended actions/assessment of progress made to date' was deferred until the next meeting on 7 November, as the Head of Paid Service had indicated he would be unable to attend the September meeting.

**RESOLVED** that progress on the Matters Arising Schedule as set out in the report be received and noted.

### **32 AUDITED STATEMENT OF ACCOUNTS 2016/17**

Consideration was given to a report which presented the Audited Statement of Accounts for 2016/17 to Members for scrutiny and adoption.

The Section 151 Officer introduced the report, outlining:

- The surplus remains at £1,058,000;
- The pensions' deficit has increased by £7.5 million. The contribution from West Lindsey District Council remained the same.

Members then asked questions of officers, and also provided comment on the Audited Statement of Accounts. Responses to questions, and further comments were provided as follows:

- There was a recommendation from the external auditors in the ISA260 report from last year regarding changing the bank reconciliation system changing to new software. There were some software issues in October related to the internal audit affecting a number of transactions; however the reconciliation was signed off by the auditors as being appropriate in spite of these issues. Efforts were made to ensure these reconciliations were accurate throughout the year, and this issue has now been fully resolved;
- The Section 151 Officer drew Members' attention to a programme called 'Customer First' aimed at improving customer satisfaction, as well as the quality of services that customers receive. The situation around complaints had not changed since the report was written; however there were ongoing discussions about defining what a 'complaint' is. Some complaints received are around the outcome of a decision, rather than the process that was followed in reaching that decision (Planning was cited as an example);

- West Lindsey District Council (WLDC) would be able to exist, without touching reserves for one full year, plus another third (this was expressed as 130% in the report);
- There was an assumption in the calculations for the pensions liability based on a pay award of 3%;
- The staffing trends calculated in the report are all comparable this year;
- As reported through Corporate Policy and Resources throughout the year, there have been a number of 'windfall grants' that haven't been fully expended. These totalled around £101,000. Also to note:
  - a refund of around £172,000 from the pension fund;
  - Planning income exceeded its target;
  - Statutory accounting - £3.3 million. The capital programme was not delivered so the schemes were carried forward into the financial year;
- There has been a regular underspend on employee costs. Each year, senior officers will discuss their discretionary spend; this has reduced over the past three years;
- Fuel costs have reduced substantially for WLDC as an organisation. Half of this reduction has been taken as a benefit for this year; the other half has been kept as a contingency, particularly with fuel costs beginning to rise again;
- From a staffing perspective WLDC regularly look at staff, what is needed, and what those staff are doing. The costs associated with statutory services and discretionary services are being examined;
- A provision of £1.9 million on business rates appeals was reported, with the WLDC share of this being around £700,000. Each month a report analysing the Valuation Officer's list appeals is received, and currently this stood at £1.4 million;
- Surestaff had predominantly provided operational services staff for the Green Waste team at WLDC over the past year. They had also provided general office staff; however there are a number of specialist recruitment agencies that had helped to fill posts.

WLDC were by far the biggest contractor for Surestaff. Built into the business plan was a low cost provision for WLDC, which allowed Surestaff the capacity to build up other contracts. Surestaff was split into two companies – the second of which provided services to the Private Sector;

- The amount of time technical systems are available and ('uptime') was at 99%. There was a thorough recovery route should systems fail. IT systems are shared with North Kesteven District Council; the primary servers for both authorities are held at West Lindsey. If a problem with the servers at West Lindsey is detected, a switch over to a secondary server at North Kesteven would take place.

A digitised backup is taken offsite at North Kesteven;

- The Business Continuity Plan (BCP) holds all contact details for the Service Managers at WLDC. Hard copies of this are kept at home for when they are required.

The BCP was last tested in January 2017. Testing should take place at least once a year;

- There are no outstanding creditors that have been retained over the first few months of this financial year.

Members, and the Section 151 Officer gave their thanks to the Financial Services Manager and her team for the work that went into the report.

**RESOLVED** that:

- (1) The Statement of Accounts have been reviewed and there were no concerns arising from the Financial Statements that needed to be brought to the attention of the Council;
- (2) The Statement of Accounts for 2016/17 be approved;
- (3) The Section 151 Officer and the Chairman of Governance and Audit Committee can certify the letter of representation to KPMG, on completion of the audit.

### **33 REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA260 REPORT) 2016/17**

Consideration was given to a report from the Authority's auditor KPMG, who presented their report to those charged with Governance (ISA 260 report) in relation to the Statement of Accounts and Annual Governance Statement 2016/17, the headlines of which included:

- There were no significant, and no material items identified for adjustment during the course of the audit;
- There was one recommendation in relation to the bank reconciliations which had been dealt;
- Elements of the accounts where judgement was required or significant accounting estimates were needed were assessed as 'balanced';
- The accounts production process was good and ahead of schedule. Responses given by the Finance team were exemplary;
- The key risk identified for Value for Money (VFM) was financial resilience, particularly with regard to the medium term financial strategy;
- Appendix 4 of the report set out the non-audit work over the course of last year. Potential conflicts of interest were highlighted in that appendix. The value of the work

was 12% of the audit fee;

- An additional fee around the extra work that had been undertaken is to be agreed with the S151 Officer and would be reported back to the Governance and Audit Committee;

The S151 Officer assured Members that he was content that current processes do provide value for money in the majority of circumstances.

**RESOLVED** that the information contained within the report be received and noted.

### **34 AGENCY STAFF & CONSULTANTS EXPENDITURE 2016/17**

Members gave consideration to an annual update on the expenditure incurred during 2016/17 on the engagement of temporary/agency staff and consultants.

The Financial Services Manager outlined that the significant portion of agency staff are used to resource the Green Waste service. The total expenditure on agency staff for 2016/17 was £757,000, which compared to £944,000 being spent in 2015/16. £379,000 of this £757,000 figure related to operational services.

In relation to consultancy – where specialist advice would be needed consultants would be appointed on a project by project (with business case) basis. Expenditure totalled £428,000 in 2016/17, compared to £366,000 from 2015/16.

The £91,000 cost for the interim Commercial Strategic Lead referred to in paragraph 5.2 of the report arose out of staffing issues, which should not occur again.

The Section 151 Officer outlined that Financial Services and Operational Services had set budgets allowing them to bring in interim staff at peak times. Also required would be long-term cover for sickness or maternity for example. Some of these interim posts are covered by grants; in addition Surestaff are used to cover some relief work in the summer.

The Chairman highlighted that expenditure for this year on interim staff was down from the previous year.

**RESOLVED** to note the information contained within the report.

### **35 WORKPLAN**

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

Members highlighted that the Q4 report for Quickline Monitoring was no longer required.

**RESOLVED** that the work plan as at 14 September 2017 be noted.

The meeting concluded at 3.40 pm.

Chairman