

## 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 19 June 2018 commencing at 2.00 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  
Andrew Morriss

**In Attendance:**  
Ian Knowles Executive Director of Resources and S151 Officer  
Alan Robinson Strategic Lead Governance and People/Monitoring Officer  
Tracey Bircumshaw Finance & Business Support Manager  
Lyn Marlow Customer Strategy and Services Manager  
James O'Shaughnessy Corporate Policy Manager & Deputy Monitoring Officer  
Caroline Capon Principal Accountant  
Ele Durrant Democratic and Civic Officer  
Lucy Gorringe Customer Insight Analysis  
Natalie Kostiuik Customer Experience Officer  
Lucy Pledge Internal Audit  
Matthew Waller Internal Audit  
James Welbourn Democratic and Civic Officer

**Apologies:** Peter Walton

### 5 PUBLIC PARTICIPATION PERIOD

There was no public participation.

### 6 MINUTES OF PREVIOUS MEETINGS

The minutes of the meetings held on 17 April and 14 May were approved as correct records.

### 7 MEMBERS DECLARATIONS OF INTEREST

Andrew Morriss declared that it be noted, for the financial items, that he was a Director of Market Street Renewal Limited, but this did not preclude him from speaking.

## **8 MATTERS ARISING SCHEDULE**

The Monitoring Officer clarified for Members that they needed to be adequately trained to be able to sit on the Governance and Audit Committee.

The Chairman confirmed that the issues of Planning Committee site visits and questions being allowed for annual Council would be rolled into the Annual Review of the Constitution.

The matters arising were noted.

## **9 INTERNAL AUDIT ANNUAL REPORT - 2017/18**

Members considered a report on the Head of Internal Audit's opinion on the adequacy of the Council's governance, risk and control environment alongside the delivery of the Internal Audit Plan for 2017/18.

The Head of Internal Audit highlighted the following points in the report:

- There was a positive picture on how the Council was being run. It performed well in all areas, managed risks, and controlled processes and finances;
- A governance review was ongoing; this looked into the culture of the Council;
- The Internal Audit team had looked at the work done by West Lindsey District Council (WLDC) on co-ordinating assurances and managing key risks;
- WLDC's management had delivered 98% of the recommendations within the actions asked for by Internal Audit;
- Internal Audit had delivered 99% of the Internal Audit Plan by the end of April 2018, not 90% as written within the report;
- Internal Audit had supported the Lincolnshire Counter Fraud Partnership and also worked closely with WLDC on awareness of this topic;
- Contemporary reporting and timescales had been identified as an area for improvement. Some reports took longer to close down, and these had the effect of skewing figures;
- Client feedback remained excellent;
- Quality Assurance outlined that Internal Audit conformed to public sector internal audit standards;

Following questions from Members, further information was provided:

- Each of the delivery models for 3<sup>rd</sup> party arrangements are governed to make sure WLDC are happy with the way they are run;

- Internal Audit will work with WLDC on an 'ethical audit'; this was to test out integrity, values, and the way in which actions are undertaken. This would be triangulated through staff surveys, focus groups, and the systems and processes WLDC had;
- Payment Card Industry Data Security Standards (PCIDSS) compliance had been changing over the course of the auditing process. WLDC made sure they were compliant and tracked any changes through self-assessments;
- Members should contact officers for help when it came to signing up to agreements across districts at outside bodies and similar meetings.

**RESOLVED** to:

- (1) Note the Head of Audit's Annual Report;
- (2) Take into account the Annual Report and the Head of Internal Audit's opinion when considering the Council's Annual Governance Statement 2017.

## **10 DRAFT ANNUAL GOVERNANCE STATEMENT 2017/18**

Members considered a report on the draft Annual Governance Statement for 2017/18.

The Statement reflected the governance procedures, structures and processes in place during 2017/18 and activities that have been undertaken to amend them in response to changing circumstances. It also referenced objective opinion of WLDC's arrangements in the form of commenting on the results of audit reports and other externally provided opinion.

Some of the main matters highlighted within the report were:

1. Head of Internal Audit's opinion on the Council's governance arrangements;
2. Changes to the Senior Management Structure and a restructure of management at a lower level;
3. Creation of arrangements to hold consecutive policy/resourcing committees to expedite efficient decision making;
4. Positive findings of the internal audit consultancy report looking at the Quality of Decision Making;
5. Formation of the Portfolio Board to oversee key programmes of work and to ensure effective management of change;
6. Amendments to the Council's Contract Procedure Rules;
7. Training for staff on working in a Political Environment;
8. Review of Member/Officer working protocols and associated workshops;
9. Revision of the Council's Code of Conduct and workshops with Members/Parish

Councils;

10. Refresher training on Regulation of Investigatory Powers Act (RIPA).

Management Team had identified the following matters to be included in the action plan:

1. Commercialism
2. Production of a new Corporate Plan (2019-2023)
3. Health & Wellbeing Service
4. Review of C&I Committee
5. PCI DSS Compliance
6. Value for Money

Following questions from Members, further information was provided:

- When issues have been closed down, they are monitored through the Progress and Delivery (P and D) reports that come to Prosperous Communities, Corporate Policy and Resources, and Challenge and Improvement Committees.

Any issues that are not covered by P and D will be reported internally and would be covered by Internal Audit;

- The review into Scrutiny at WLDC was to make sure it was doing a good job. There would be oversight on this through the Annual Governance Statement action plan;

**RESOLVED** to note the report.

## **11 GOVERNANCE OF COMMERCIAL AND GROWTH ACTIVITY**

Members considered a report on the governance in place to manage commercial and economic growth.

In the current environment, it was expected that the range of delivery models would grow; as such, it would be necessary to put in place appropriate governance for new delivery models.

Following questions from Members, further information was provided:

- Officers at WLDC had a range of experience drawn from different areas. For specific projects it was ensured that the appropriate advice would be in place; for example this advice was in place when working on the development partner project;
- The internal audit function had a full right of access on issues surrounding commerciality. In addition, delegations were built into the Constitution;
- External auditors go through the record keeping of WLDC and would flag up anything that was inappropriate. State aid requirements need to be considered when supporting independent entities with an arm's length relation to WLDC;

- There were a number of internal checks and balances within WLDC where independent companies were concerned. There were currently no group accounts for these entities as they were not significant enough to merit this;
- Mandatory training for regulatory committees was necessary. However, the situation was not the same for policy committees;
- Non-executive Directors had not been introduced to any WLDC associated companies at this time as there was insufficient need. Their role would be to hold Executive Directors to account; at this stage it wasn't considered that any companies would need this additional cost;
- All WLDC related companies withhold the decisions that the director was able to make through reserved matters;
- Details of the transactions with related companies are included in the notes to the statement of accounts;
- Section 3 of the report referred to 'DPL'; this stands for Dransfield Properties Limited. TB refers to Tracey Bircumshaw, the Secretary for WLDC Trading Ltd, WLDC Staffing Services Ltd and SureStaff Lincs Ltd.

**RESOLVED** to:

- (1) Agree the governance outlined in this report provide assurance that the council is taking appropriate mitigating measures against the risks identified in its commercial approach; and;
- (2) Request a report on changes to commercial governance is contained in the Monitoring Officer's annual report to the Governance and Audit Committee.

## **12 MEMBER DEVELOPMENT**

Members considered a report on the progress to date on member development, along with proposed amendments to the Member Development Plan.

The focus of member development would be the 2019 induction followed by a 4 year training plan. Following this there would be annual reviews.

Following questions and comments from Members, further information was provided:

- Officers had spoken to those Members who do not attend training with regularity. Reasons for this lower attendance had been given by the Members that responded as location, timing, and frequency of the training sessions;
- Training sessions were often repeated to give Members a second chance if they had been unable to make the first session; in addition to this, one-to-one sessions had been offered to Members;

- Online training was used as an option for officers; this hadn't been used as yet for Members. However, it was noted that online training would not be appropriate for all training topics.

The Chairman moved the recommendations from the Chair, with one slight amendment to the 2<sup>nd</sup> recommendation. Once it was seconded, it was **RESOLVED** to:

- (1) Accept this report as an accurate reflection of member development over the past civic year.
- (2) Agree for the Member Development Plan to be reviewed and re-written where appropriate, with a draft version to be presented to the Governance and Audit Committee by November 2018 and the final version to be presented by January 2019, including an online training provision;
- (3) Agree to the commencement of a Member Development Group, comprising around 4 Members across all parties, in order to have Member involvement with the updated Member Development Plan;
- (4) Review the progress and implementation of the Plan on an annual basis, subject to the agreement of the final Member Development Plan in January 2019.

### **13 UNAUDITED STATEMENT OF ACCOUNTS 2017-18**

Members considered a report on the 2017/18 unaudited statement of accounts.

The Section 151 Officer highlighted the following from the report:

- Overall for the year there was a surplus on services of £150,000. Additional income from business rates finished at £432,000 for the year;
- The balance sheet position was £12.6 million of earmarked reserves, and the general fund balance stood at £3.9 million. There was a minimum fund balance of £1.5 million;
- The balance sheet was positive even with the pension deficit reduction.

Following questions from Members, further information was provided:

- The development partner was confirmed as being MUSE. The £30 million programme was around the potential for a cinema and restaurants on the Guildhall site;
- Any transitional errors in the report would be highlighted for the auditors;
- The 39 full or part time staff mentioned in the report are additional to the approved establishment, but were part of project delivery;

- An environmental plan was brought forward to policy committees in the previous year; actions such as replacing lightbulbs were taking place at the Guildhall and the Depot.

**RESOLVED** to note the unaudited statement of accounts. The comments of the Committee will be taken away by the S151 Officer for discussion with the Council's external auditors, KPMG.

#### **14 COMMERCIAL BILLING UPDATE**

Members considered a report on the progress of the commercial billing solution. This report was requested by the Governance and Audit Committee after a limited assurance rating for the commercial billing project.

The Head of Finance and Business Support advised Members that Civica had been supportive over the final implementation and completion was imminent.

**RESOLVED** to accept the current status of this project.

#### **15 VOICE OF THE CUSTOMER REPORT**

Members considered a report summarising customer feedback from the year 2017/18; it also gave a view of the voice of the customer. The Voice of the Customer report replaced the previous annual feedback report.

The Customer Experience Officer had implemented a new complaints process; this new approach had increased the reporting and recording of compliments, comments and complaints.

The Customer Experience Officer was independent of all of the services she monitored. She was also the link officer for the Local Government Ombudsman (LGO).

The Customer Insight Officer had implemented weekly customer satisfaction surveys with customers. Trends for learning, and those that could be used for future investigation were also highlighted by the Customer Insight Officer.

The following information from the report was highlighted:

- There were 402 compliments, and 79 comments received in 2017/18; these figures had doubled from the previous year;
- 168 complaints were received, a 7% decrease on the previous year. 15 of these complaints were raised to the LGO. Of these, 8 were not upheld, 4 were still under investigation, and 3 were upheld;
- 82% of customers were satisfied with the initial contact they had with WLDC according to satisfaction surveys sent out from January 2018. 65 % were satisfied with the service they received; however, the sample size for this figure of 65% was smaller than the sample size for the 82% figure;
- Telephone and online demand had increased due to the popular uptake of garden

waste;

- The Facebook posts from both officers reached 75,000 recipients; this was quadruple the number that had been reached in the previous year.

Following questions from Members, further information was provided:

- Waste services had the highest number of upheld complaints at 42; as a percentage per interaction this would likely be at the bottom of the list;
- A complaint going to the LGO would be free of charge; the only cost would be officer time. Work was being undertaken with the Finance department on a spreadsheet to capture the cost of a complaint;
- A Quality Monitoring Board with a membership comprising of the Executive Director for Operations, the Customer Experience Officer, the Customer Strategy and Services Manager and the Strategic Lead for Customer First had been set up. The aim was to feed back to the teams involved in the complaints.

**RESOLVED** to:

(1) Note the report;

(2) Receive the Voice of the Customer report six monthly via the West Lindsey Newsletter.

## **16 WORKPLAN**

The workplan for 2018/19 was noted.

The meeting concluded at 4.16 pm.

Chairman