

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Governance and Audit Committee held virtually via MS Teams on 13 April 2021 commencing at 2.00 pm.

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

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

In Attendance:
Tracey Bircumshaw Assistant Director of Finance and Property Services and
Section 151 Officer
James O'Shaughnessy Head of Policy Strategy and Sustainable Environment /
Deputy Monitoring Officer
Emma Redwood Assistant Director People and Democratic Services
Ele Snow Democratic and Civic Officer
Katie Storr Democratic Services & Elections Team Manager (Interim)

Apologies: Councillor Mrs Tracey Coulson

63 PUBLIC PARTICIPATION PERIOD

There was no public participation.

64 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 9 March 2021 were approved as a correct record.

65 MEMBERS DECLARATIONS OF INTEREST

There were no declarations of interests.

66 MATTERS ARISING SCHEDULE

The matters arising schedule was noted.

67 REPORT ON WORK UNDERTAKEN BY THE GOVERNANCE & AUDIT COMMITTEE 2020/21

Members heard from the Corporate Policy Manager & Deputy Monitoring Officer regarding the work undertaken by the Committee during 2020/2021. It was explained that guidance provided by the Chartered Institute of Public Finance & Accountancy (CIPFA), advised that audit committees ought to present an annual report to Council, highlighting their work and demonstrating compliance with their terms of reference. The report provided Council with an oversight of the Committee's activity during 2020/21 and followed a similar report to the one submitted to Full Council in June 2020. It covered the impact of the Covid-19 pandemic, a list of activity and miscellaneous pieces of work including the public question and the amendment of the honours scheme to include adoption of the district.

Members expressed their thanks for a clear and transparent report, as well as highlighting how the virtual committee arrangements had been successful. It was suggested that details of the roles and responsibilities of, for example, the Chief Finance Officer, could be shared with Members.

With no further comments it was

RESOLVED that

- a) the work undertaken by the Governance and Audit Committee during 2020/21, as detailed in the report, be confirmed; and
- b) the submission of the report to Full Council be approved.

68 CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA) FINANCIAL MANAGEMENT CODE

Members gave consideration to a report from the Assistant Director of Finance, Business Support and Property Services (S151 Officer), explaining that the Chartered Institute of Public Finance & Accountancy (CIPFA) had introduced a new Financial Management Code (FM Code) which set out for the first time, the standards of financial management for local authorities. Members heard that the FM Code was designed to support good practice in financial management and to assist local authorities to demonstrate their financial sustainability

It was explained that although local government finance in the UK was governed by legislation, regulation and professional standards, the general financial management of a local authority had not, until now, been supported by a professional code. The FM Code had been introduced because the exceptional financial pressures faced by local authorities in recent years had revealed concerns about fundamental weaknesses in financial management and the ability of some organisations to maintain services in the future. Whilst there was much good practice across the sector, any failures threatened stakeholders' confidence in local government as a whole and more importantly, posed a risk to the services on which local people relied.

CIPFA's intention was that the Financial Management Code (FM Code) would have the

same standing as the Prudential Code for Capital Finance in Local Authorities (CIPFA, 2017), which promoted the financial sustainability of local authority capital expenditure and associated borrowing. This meant that although the FM Code did not have legislative backing, it applied to all local authorities whilst recognising that some had different structures and legislative frameworks. Where compliance with the Code was not possible, adherence to the principles was still considered appropriate.

The Assistant Director of Finance, Business Support and Property Services (S151 Officer) highlighted section eight of the report, explaining that the actions were intended to enhance the compliance of the council.

Members of the Committee enquired as to the reasons behind the amber markers in relation to stakeholder engagement and whilst the impact of the pandemic was partially to blame, it was explained that the wider issue was that stakeholders were not engaged. There had not been the desired response to budget consultations and this had highlighted the need for directed consultation with businesses. This would be picked up through the 22/23 consultation period.

In response to the Chairman asking how completion of the proposed action plan would be managed and reported to Members, it was explained that the actions would be included in both the Annual Governance Statement as well as the usual Progress and Delivery reporting methods. There would also be a report to the Committee at the end of the financial year.

Members enquired about specifics of the Code, whether there was a council-wide approach or if it related to individual teams or Managers, specifically in relation to the 'financial management style'. It was clarified that there was a council-wide approach and the Code was relevant to strategic financial management style, not people or teams, in relation to financial strategies and risk appetite.

With no further comments it was

RESOLVED that the Committee be assured that West Lindsey District Council meets the standards of the Financial Management Code as evidenced from the self-assessment and accept the actions required to be undertaken in 2021/22, which will enhance this compliance.

69 ANNUAL GOVERNANCE STATEMENT 2019/20 ACTION PLAN PROGRESS REPORT

The Corporate Policy Manager & Deputy Monitoring Officer introduced a report to review the progress with the Annual Governance Statement 2019/20 Action Plan. He reiterated that the Annual Governance Statement was the formal statement of the quality of the Council's governance arrangements, in accordance with the Accounts and Audit (England) Regulations 2011, and that in September 2020, the Governance and Audit Committee agreed the Annual Governance Statement for 2019/20 and noted that an action plan would be put in place and monitored by the Committee to address a number of issues. He highlighted that the report gave the current position and there would be a subsequent close report to be presented to the Committee.

Members enquired as to the publication of the Peer Review, confirmed as published in its entirety having been presented to Council in January 2021, and in response to a question regarding the strategic risk of the Covid-19 pandemic, it was highlighted that the report was in relation to actions agreed prior to the impact of the pandemic. Subsequent reports to Committee would have greater reference to the risks and impact of Covid-19 across all services.

RESOLVED that Members be assured that the current position of the Annual Governance Statement Action Plan for 2019/20 reflects good progress against all actions.

70 REPORT ON PROGRESS AGAINST THE COMMITTEE'S EFFECTIVENESS ACTION PLAN

Members heard again from the Corporate Policy Manager & Deputy Monitoring Officer regarding the work of the Committee Effectiveness Working Group. He provided the background to the working group, explained that in March 2020, Members of the Governance and Audit Committee undertook a survey to assess the effectiveness of the Committee. The survey was based on advice offered by the Chartered Institute of Public Finance and Accountancy (CIPFA) (2018) suggesting that it was useful for audit committees to undertake a self-assessment of their effectiveness. The findings of the survey were analysed and reported back to the Governance and Audit Committee in June 2020 and at that meeting the Committee agreed to form a working group of at least three members to further review the findings and devise an improvement plan which the Committee would oversee. He explained that the current report provided an end view of the work and it was proposed for the working group to be completed, with the previously agreed actions being now considered 'business as usual'.

The Chairman commented that there was to be a discussion as to how to facilitate Members having earlier involvement in meeting papers and reports, however that was ongoing work through briefings and with Officers. He thanked the working group and it was

RESOLVED that

- a) the Committee be assured that the actions will address the issues identified in the survey and improve the overall effectiveness of the Committee; and
- b) the Working Group be formally closed.

71 ANNUAL CONSTITUTION REVIEW AND MONITORING OFFICER REPORT 20/21 FOR RECOMMENDATION TO COUNCIL. APPROVAL OF AMENDED CONTRACT AND FINANCIAL PROCEDURE RULES

Members gave consideration to the Annual Constitution Review report, presented by the Democratic Services and Elections Team Manager (Interim). She highlighted that the purpose of the report was for the Governance and Audit Committee to recommend to Council the proposed amendments to the Constitution. The report also included an Annual

Report from the Monitoring Officer and aimed to provide an holistic view of all governance associated matters. The Governance and Audit Committee were also asked to approve the amendment(s) made to the Financial and Contract Procedure Rules, which would subsequently be noted by Council as part of the Annual Review. It was explained that, owing to the global pandemic, the report for 2019/20 had not been presented to Council and as such, the current report was an amalgamation of what had previously been presented to this committee but remained outstanding. In addition, there were new items that had arisen during 2020/21 as well as some housekeeping amendments such as the changes to the management structure. The Committee heard that the Monitoring Officer's report was fundamentally the same as the previous year.

Members thanked the Democratic Services and Elections Team Manager (Interim) for a clear and well-presented report. The Chairman requested that future reports be presented as separate items for the Committee, to then be combined into one report for Council. He also suggested that for future reports there would be a defined process and timescales for proposed changes.

Members welcomed the proposed changes to procedures for Planning Committee meetings to enable Councillors speaking as Ward Members to remain in the meeting room and also enquired as to how it could be ensured that the additional powers to Parish Councils to call-in a planning application would be managed. It was explained that any call-ins were in consultation with Officers and the Chairman of the Planning Committee, with involvement of the Monitoring Officer were necessary. In addition, the implementation of the Parish Charter set out the mutual expectations between the District Council and Town and Parish Councils.

In relation to section 5.4.37 of the Financial and Contract Procedure Rules, which stated "The relevant Budget Manager may write off amounts up to £250 where irrecoverable", it was confirmed these amounts would still be reported on and would have to be classed as irrecoverable. The proposed amendment was to ensure improved efficiency.

With thanks again for a clear layout it was

RESOLVED that:

- a) the amendment(s) made to the Contract and Procurement Procedure Rules and Financial Procedure Rules detailed at Section 4 of this report (the full set of Procedure rules are attached at Appendix 1 and 2 for completeness), be approved; and
- b) it be agreed that the governance outlined in the draft report to Council (App A), in respect of managing Commercial and Economic Growth, provides assurance that the council is taking appropriate mitigating measures against the risks identified in its commercial approach and note the updated position provided in Section 7 of the draft report to Council.

The Governance and Audit Committee **RECOMMEND** to Council the following:

- c) that the outcome of the 19/20 and 20/21 annual reviews, as detailed in the report attached at Appendix A be noted;

- d) that the additional amendments detailed throughout Section 3 of this report, identified during the 20/21 review (and now incorporated into the draft report to Council attached at Appendix A) be adopted and implemented with immediate effect;
- e) the appointments of Mrs Alison Adams, Mr Peter Walton, Mr Richard Harvey and Mr Andrew Middleton (Section 9) be approved;
- f) that
 - the progress made with regards to the areas of work agreed for further development in the previous reviews (Section 5);
 - the further planned work for 2021/22 (Section 6);
 - the statistical data provided within the report in respect of the number, nature and outcome of Code of Conduct Complaints (Section 8); and
 - the support offered to Parish Councils (Section 11);
 - the use of the Council's RIPA powers during the period (section 13) be noted.
- g) that the interim decision making process(es) that have been in place during the COVID -19 Pandemic be acknowledged.

72 WORKPLAN

Members were advised that the audited statement of accounts would be reported to the Committee in September rather than July and with no further comments, the workplan was noted.

The Chairman thanked James Welbourn for his assistance to the Committee over recent years and wished him well in his new job.

The meeting concluded at 3.07 pm.

Chairman