



County Offices
Newland
Lincoln
LN1 1YL

15 March 2024

Audit Committee

A meeting of the Audit Committee will be held on **Monday, 25 March 2024** in the **Council Chamber, County Offices, Newland, Lincoln LN1 1YL** at **10.00 am** for the transaction of business set out on the attached Agenda.

Yours sincerely

A handwritten signature in black ink that reads 'Debbie Barnes'.

Debbie Barnes OBE
Chief Executive

Membership of the Audit Committee

(7 Members of the Council and 2 Non-Voting Added Members)

Councillors Mrs S Rawlins (Chairman), M G Allan (Vice-Chairman), S Bunney, P E Coupland, J L King, P A Skinner and A N Stokes

Non-Voting Added Members

Mr I Haldenby, Independent Added Member
Mr A Middleton, Independent Added Member

**AUDIT COMMITTEE AGENDA
MONDAY, 25 MARCH 2024**

Item	Title	Pages
1	Apologies for Absence	
2	Declarations of Interest	
3	Minutes of the Audit Committee meeting held on 5 February 2024	5 - 12
4	Review of the Constitution <i>(To receive a report from Will Bell, Chief Legal Officer and Monitoring Officer, and Nicola Calver, Members Services Manager, which invites the Committee to consider several amendments to the Council's Constitution following an internal review and to recommend that such amendments are approved by full Council)</i>	13 - 68
5	External Audit Plans - Lincolnshire County Council & Pension Fund 2023/24 <i>(To receive a report from the External Auditor, KPMG LLP, which presents their 2023/24 indicative audit plan for both Lincolnshire County Council and the Lincolnshire Pension Fund)</i>	69 - 110
6	Statement of Accounts 2023/24 - Accounting Policies <i>(To receive a report from Sue Maycock, Strategic Finance Lead – Technical, which invites the Committee to approve the Statement of Accounting Policies, as detailed in the report)</i>	111 - 160
7	Risk Management Annual Report <i>(To receive a report from Claire Goodenough, Head of Audit and Risk Management, and Mandy Knowlton-Rayner, Insurance & Risk Manager, which provides an update on how well the Council's strategic risks are being managed along with a summary of key objectives achieved in the past year)</i>	161 - 192
8	Counter Fraud Annual Report (including fraud risk report) <i>(To receive a report from Claire Goodenough, Head of Audit and Risk Management, which provides the Committee with an overview of the counter fraud work delivered during 2023/2024 and how the resources have been utilised)</i>	193 - 208
9	Counter Fraud Plan for 2024/2025 <i>(To receive a report from Claire Goodenough, Head of Audit and Risk Management, which provides the Committee with information on the proposed counter fraud activities for 2024/2025 for discussion and approval)</i>	209 - 216

- 10 Internal Audit Plan 2024/2025** 217 - 226
(To receive a report from Claire Goodenough, Head of Audit and Risk Management, which presents the risk based internal audit plan for 2024/2025 to the Committee for approval)
- 11 Audit Committee Work Programme** 227 - 236
(To receive a report from Claire Goodenough, Head of Audit and Risk Management, which invites the Committee to consider its work programme)

Democratic Services Officer Contact Details

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Please Note: for more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting

- Business of the meeting
- Any special arrangements

Contact details set out above.

Please note: This meeting will be broadcast live on the internet and access can be sought by accessing [Agenda for Audit Committee on Monday, 25th March, 2024, 10.00 am \(modern.gov.co.uk\)](#)

All papers for council meetings are available on:
<https://www.lincolnshire.gov.uk/council-business/search-committee-records>



**AUDIT COMMITTEE
5 FEBRUARY 2024**

PRESENT: COUNCILLOR MRS S RAWLINS (CHAIRMAN)

Councillors M G Allan (Vice-Chairman), S Bunney, P E Coupland, J L King, P A Skinner and A N Stokes

Also in attendance: Mr I Haldenby (Independent Added Member) and Mr A Middleton (Independent Added Member)

Officers in attendance:- Debbie Barnes OBE (Chief Executive), Andrew Crookham (Deputy Chief Executive & Executive Director - Resources), Andy Gutherson (Executive Director - Place), Martin Samuels (Executive Director - Adult Care and Community Wellbeing), Heather Sandy (Executive Director - Children's Services), Mark Baxter (Chief Fire Officer), Jo Kavanagh (Assistant Director - Children and Young People), Michelle Grady (Assistant Director - Finance), David Matthewman (Chief Information Officer (Interim)), Claire Goodenough (Head of Internal Audit and Risk Management), Mandy Knowlton-Rayner (Insurance and Risk Lead), Kevin Lane (Principal Risk Officer) and Thomas Crofts (Democratic Services Officer)

Officers in attendance remotely:- Sara Jackson (Audit Manager)

Others in attendance:- Rashpal Khangura (KPMG) and Sofie Kockelbergh (KPMG)

36 APOLOGIES FOR ABSENCE

There were no apologies for absence.

37 DECLARATIONS OF INTEREST

No declarations of interest were received at this point in proceedings.

38 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 13 NOVEMBER 2023

RESOLVED

That the minutes of the Audit Committee meeting held on 13 November 2023 be agreed and signed by the Chairman as a correct record.

39 COMBINED RISK REPORT FEBRUARY 2024

Consideration was given to a report from Mandy Knowlton-Rayner, Insurance and Risk Lead, which presented the Combined Risk Report for 2024.

**AUDIT COMMITTEE
5 FEBRUARY 2024**

Members of the Council's Corporate Leadership Team were invited to present their directorate's progress.

Debbie Barnes, Chief Executive, gave the following update:

- Risks identified as more significant existed in areas largely outside of the Council's control, such as inflationary pressures, market management national policy.
- There had been an increase in demand for social care across the county as well as SEND support
- Recruitment and retention were improving, with less reliance on agency staff. However, further work was needed to improve this issue in Childrens Services and Legal Services and other hard to recruit areas .
- Cyber security was an ongoing risk, with further work to mitigate underway.

The Committee considered the update and the following comments were received:

- Regarding social and health care, Lincolnshire was fortunate that the boundaries of the local authority matched those of the care system, which helped make joint working more efficient. The Care Quality Commission had also found the Council to be delivering a good service. However, winter pressures on the NHS and care system had presented a risk, as resources had to be diverted away from strategy and joint working towards service delivery.
- Action was being taken to mitigate the impacts of inflation. However, the national living wage rise was higher than anticipated and social care markets continued to be significantly impacted, all of which contributed to increased risk. To manage market pressures, more in house service arrangements had been pursued and additional service business cases were being carefully evaluated.
- The Council was investing in apprenticeships and maintained a focus on growing its own professionals, especially within Adult Care and Childrens.
- Lessons had been learnt from recent flood events and the proposed devolution deal sought to establish a water management partnership across Greater Lincolnshire to help improve the Council's response. Risks were continuously evaluated, and greater weight may be placed on environmental matters in future modelling.
- The Council maintained a stable workforce and good leadership to help it continue to deliver through any significant political change.

Heather Sandy, Executive Director - Childrens Services, gave the following update:

- Childrens Services had demonstrated substantial levels of assurance and compliance.
- There was an increased demand for child social care and special educational needs placements, nationally.
- School exclusions had risen; however, the service was working hard to minimise exclusions where possible.

- There was a growing reliance on external market providers; however, targeted work was looking to reduce this and the associated risks, especially concerning temporary accommodation for children in care.
- The Council's SEND transformation programme was underway to help address many of the pressures outlined above.

The Committee considered the update and the following comments were received:

- There were varying levels SEND facilitation across schools.
- In terms of risk, there was a need to minimise exclusions in order to reduce pressures placed on the Council. Regular meetings took place between the Council and schools with high exclusion rates to try and resolve the case for exclusion.
- As an impact of public health measures taken during the pandemic, issues such as poor mental health and language apprehension had become more apparent in children. Services were in place to help these issues and mental health waiting times in Lincolnshire were faring well compared to the national picture.
- Temporary accommodation for children in care were used in instances of care breakdown.
- The Council's Children and Young People Scrutiny Committee, as well as officers, were closely monitoring instances of school age children not attending education.

Martin Samuels, Executive Director - Adult Care and Community Wellbeing, gave the following update:

- Adult care made up the bulk of the spending within the directorate.
- Within Lincolnshire, the sector was under pressure; nationally, the sector was in crisis.
- Lincolnshire was one of the lowest spending authorities on care within the country, but nonetheless maintained adequate services and was rated the best adult care service in England.
- Adult social care need continued to increase at 4% per year, in part due to people living longer and prolonged life in ill health.
- £5 of every £6 was spent on external care providers.
- The care sector suffered the highest rate of staff turnover of any sector within the UK economy, largely due to poor pay and employment terms and conditions.
- A key risk was that external providers focus the scope of their services to basic provision in the worsening climate; however, joint working between the Council and providers was being maintained to ensure that the wellbeing of care users was viewed in the whole.

The Committee considered the update and the following comments were received:

- The best ways to prepare for increasing demands on the service were to prevent ill health via public health initiatives, adopt a strengths-based care system that viewed care as a last resort, and promote technology in allowing people to maintain independence in for longer.

- Data modelling was continually improving to inform service requirements.
- There was a need to keep public expenditure low; however, performance was continually evaluated to ensure pursuing low fee rates did not reduce the quality of care provision.
- Regarding the care market and associated risk, Lincolnshire relied more on small local providers and less on large national providers when compared to other authorities. As a result, the service was less exposed to centralised risks but had less capacity for improvements. Additionally, venture capital did not influence the market within Lincolnshire as much as other areas.

The Committee felt that a future update on adult social care service procurement was necessary to properly monitor the associated risks.

Mark Baxter, Chief Fire Officer, gave the following update:

- Lincolnshire Fire & Rescue's (LFR's) risk register was being migrated to the Council's standard format with monthly board meetings were continuing to monitor risk management.
- The audit processes of LFR were found to have improved and the deep dive review of culture and values had found that good controls were in place and that ongoing work was underway to educate and empower staff to speak out about issues.
- Non statutory responses to recent flood events had proven the service to be well prepared to deal with such emergencies.
- Increasingly, callouts concerned field fires due to severe hot weather and it was found that there needed to be a review of firefighting equipment to better meet this need, as current equipment was largely designed to fight fires in buildings. This was a trend noted nationally.
- Regarding staffing, a more transient workforce meant that it was harder to recruit and retain on call local firefighters.
- LFR remained part of the East Coast Control Room Consortium for handling emergency 999 calls.

The Committee considered the update, and it was noted that there were limited organisations to approach for the handling of emergency 999 calls for LFR due to a lack of experience and small market across the sector. It was also reported that farmers and landowners were being engaged in relation to fire safety and prevention training.

The Committee felt that there was a need to review progress made in migrating LFR's risk register to the Council's standard format.

Andy Gutherson, Executive Director - Place, gave the following update:

- Project-level resilience and risk management remained high.
- Additional demands had placed on the sector by the following issues:
 - Inflation and market volatility – which had escalated costs for projects.

- Workforce capacity – as there was a shortage of highly skilled engineers and the pace of projects meant that there was too little time to grow our own and train staff.
- Climate change – which had caused increasing damage to assets such as highways.
- Delays to the Environment Act meant that the service's forward planning had been disrupted.

The Committee considered the update and the following comments were received:

- Contract performance and procurement was continuously reviewed to ensure value for money.
- Regarding the recent flood events, lessons had been learnt from emergency responses in terms of effectively communicating with relevant organisations. However, a risk was evident in relation to the level of staff capacity in an emergency, as the service was strained by a series of emergency events. A backlog of section 16 flood investigations had also mounted as a result of the events.
- Lincolnshire's Energy from Waste plant had approximately 12 years left in its life expectancy as an asset. However, its life expectancy could be increased by limiting its use, as was anticipated to be the result of new requirements in waste disposal set by the Environment Act.

Andrew Crookham, Deputy Chief Executive & Executive Director - Resources, gave the following update:

- The Council was in a strong financial position, in part due to having weathered the years of austerity well.
- The Council's financial circumstances meant that it had approximately 2-3 years to reshape its position.
- Staff resourcing continued to be a risk; however, progress was being made by way of investment, new graduate schemes and the attractive financial stability of the organisation.
- Corporate support services were being brought in house in order to have greater control over associated risks.
- The new Business World system had been implemented and functionality was being explored for future use.
- AI systems were being explored to aid workflows.
- The 'One Council' approach had made progress, but greater focus was required to properly embed it and deliver meaningful impact.

The Committee considered the update and noted that succession planning was a continuous process and the new strategy of ensuring deputisation of senior managers before the post was vacated was proving beneficial.

Overall, corporate assurance was found to be substantial.

6
AUDIT COMMITTEE
5 FEBRUARY 2024

RESOLVED

1. That the report and discussion be noted.
2. That an update regarding adult social care service procurement risk be presented to the Committee.
3. That a progress update regarding Lincolnshire Fire & Rescue's migration to the Council's reporting system be presented to the Committee.

40 INTERNAL AUDIT PROGRESS REPORT 2 2023/2024

Consideration was given to a report from Claire Goodenough, Head of Audit and Risk Management, which presented the Internal Audit progress update for 2023/24. The following matters were highlighted:

- Progress had continued on a positive trajectory since the report was written, and it was anticipated that all audits would have concluded by March 2024, supporting 100% delivery of the plan
- Focus and resource had increase for quality aspects of all areas including schools and district councils.
- Resources were under pressure and staff had been deployed for maximum impact.

The Committee considered the report, and the following comments were received:

- Staff vacancies had contributed to resource pressures.
- Of the audits that had not yet commenced, preparation and field work was underway.
- Inexperienced staff had been deployed to less complex audits in order to provide the greatest impact to the right areas to inform of the risks in place, as more complex audits required more experienced staff to be sourced.
- Deadlines and improved planning oversight and skill has been delivered throughout the year to improve issues identified previously. High-risk rated issues are assigned a period of 3 months for implementation and these are evidence through follow-up reviews to inform of progress.

RESOLVED

1. That the report and discussion be noted.
2. That the Committee note the progress made.

41 FINAL AUDIT COMMITTEE ANNUAL REPORT 2023

Consideration was given to a report from Claire Goodenough, Head of Audit and Risk Management, which presented the final draft of the Audit Committee Annual Report, following amendments agreed at the November meeting.

The Committee considered the report and agreed the changes.

RESOLVED

That the Committee approve the Audit Annual Report 2023 for submission to Council.

42 AUDIT COMMITTEE WORK PROGRAMME

The Committee considered its work programme and noted that a report concerning constitutional review had been scheduled for the next meeting in March 2023.

RESOLVED

That the work programme be agreed.

43 CONSIDERATION OF EXEMPT INFORMATION

RESOLVED

That under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it is considered to contain exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

44 IT INFRASTRUCTURE UPDATE FOR AUDIT COMMITTEE

Consideration was given to an exempt report from David Matthewman, Chief Information Officer (Interim), on the Council's IT infrastructure, as requested by the Committee for their deep dive review.

A number of questions were asked, and comments received.

RESOLVED

That the exempt report and discussion be noted.

The meeting closed at 1.01 pm

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Open Report on behalf of Will Bell, Chief Legal Officer and Monitoring Officer

Report to:	Audit Committee
Date:	25 March 2024
Subject:	Review of the Constitution

Summary:

This report invites the Committee to consider several amendments to the Council's Constitution following an internal review and to recommend that such amendments are approved by full Council.

Recommendation(s):

That the Committee considers the content of this report, endorses the proposals detailed and recommends that full Council approves the amendments to the Constitution as referred to in Appendix A and detailed in Appendices B to I of this report.

1. Background

- 1.1 The Constitution sets out how the Council operates and how it makes its decisions. Full Council approved its latest version of the Constitution at the Annual Council meeting in May 2023.
- 1.2 One of the functions of the Audit Committee is to maintain an overview of the Council's Constitution. To support this function, the Monitoring Officer has established an internal review process to undertake a systematic review of the Constitution. The initial findings of that review have identified the following amendments detailed in the table below together with the consultation process undertaken where those matters concern other committees or the Executive:

Area for Review	Lead Officer	Dates for Consideration
The Substitution Scheme	Nicola Calver, Member Services Manager Emily Wilcox, Democratic Services Officer	Audit Committee March 2024

The Council's Standards Arrangements	Will Bell, Monitoring Officer Nicola Calver, Member Services Manager	Consultation undertaken with both Independent Persons, March 2024. Audit Committee March 2024
Health Scrutiny Committee Terms of Reference	Nicola Calver, Member Services Manager Simon Evans, Health Scrutiny Officer	Health Scrutiny Committee February 2024 Relevant Chair and Vice Chair March 2024 Audit Committee March 2024
The Petition Scheme	Nicola Calver, Member Services Manager Emily Wilcox, Democratic Services Officer	Audit Committee March 2024
Gifts and Hospitality Thresholds	Nicola Calver, Member Services Manager	Audit Committee March 2024
Budget and Policy Framework	Nigel West, Head of Democratic Services	Policy Department February 2024 Audit Committee March 2024
Corporate Parenting Panel Terms of Reference	Nicola Calver, Member Services Manager Andrew Morris, Head of Leaving Care and Supported Living	Relevant Chair December 2023 Relevant Portfolio Holder February 2024 Audit Committee March 2024
Key Decision Definition	Rachel Wilson, Democratic Services Officer	Audit Committee March 2024
Common Seal of the Council	Will Bell, Monitoring Officer	Audit Committee March 2024

- 1.3 As the internal review progresses, any areas identified by the Monitoring Officer requiring amendment to the Constitution will be reported to the Committee for consideration, as far as is practicable, before referral to full Council. Subject to limited exceptions, any changes to the Constitution must be approved by full Council.
- 1.4 Attached at Appendix A is a Schedule detailing the Areas for Review and Rationale for Change and the remaining Appendices B to I detail the amendments to the respective current constitutional provisions shown in bold.

2. Conclusion

- 2.1 This report details proposed amendments to the Council's Constitution identified following an internal review which are necessary to ensure that the Constitution keeps pace with organisational requirements, remains legislatively compliant and accords with best practice.

3. Risks and Impact Analysis

Failure to ensure the Constitution remains legislatively compliant can leave the Council open to legal challenge. It is therefore essential that the Constitution is regularly reviewed and given robust oversight.

The table referred to in paragraph 1.2 details the consultation process that has been undertaken in relation to those amendments that directly concern other committees or the executive. This includes, in relation to the proposed amendments to the Council's Standards Arrangements as detailed in Appendix C, consultation with both of the Council's appointed Independent Persons.

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Areas for Review and Rationale for Change
Appendix B	The Substitution Scheme
Appendix C	The Council's Standards Arrangements
Appendix D	Health Scrutiny Committee Terms of Reference
Appendix E	The Petition Scheme
Appendix F	Budget and Policy Framework
Appendix G	Corporate Parenting Panel Terms of Reference
Appendix H	Key Decision definition
Appendix I	Common Seal of the Council

5. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	The Council's Constitution
Where the document can be viewed	https://lincolnshire.moderngov.co.uk/ieListMeetings.aspx?Cid=650&Info=1

This report was written by Nicola Calver, Member Services Manager, who can be contacted on 07792666392 or nicola.calver@lincolnshire.gov.uk.

APPENDIX A

AREA OF REVIEW	PROPOSAL AND RATIONALE	SECTIONS OF THE CONSTITUTION TO BE REVISED
The Substitution Scheme	<p>Substitute Members are utilised by political groups to ensure that there is balanced representation on the Council’s committees. The Council has operated through a written scheme supplemented by long standing convention and the amendments to the Scheme codify the process as well as providing greater clarity on the nomination process to aid political groups.</p> <p>The suggested amendments are attached at Appendix B shown in bold.</p>	Part 4, Section 5, Pages 132-133 of the Constitution.
The Council's Standards Arrangements	<p>The Arrangements have been reviewed to expand the criteria against which complaints might be assessed and to provide a model form for complaints that must be completed before a complaint will be accepted under the Arrangements. The complaint form will be made accessible on the Council’s website. In addition, the local hearings process has been updated to reflect best practice in accordance with the LGA model hearing process.</p> <p>The suggested amendments are attached at Appendix C shown in bold.</p>	Part 5, Pages 248 – 255 of the Constitution.
Health Scrutiny Committee Terms of Reference	<p>The Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) (Amendment and Saving Provisions) Regulations 2024 came in to force at the end of January 2024. The effect of these amendments to the regulations is that the power of referral to the Secretary of State by health overview and scrutiny committees ceases.</p> <p>In addition, a new Schedule 10A to the National Health Service Act 2006 places a duty on any commissioner of NHS services to notify the Secretary of State when they propose a notifiable reconfiguration of NHS services. A ‘notifiable reconfiguration’ is in effect a reconfiguration comprising a proposal for a local substantial development of the health service or for a local substantial variation in the provision of a such a service.</p>	Part 2, Article 6, Page 42-44 of the Constitution.

	<p>Lastly, Schedule 10A to the National Health Service Act 2006 provides a new 'call-in' power to the Secretary of State, who may issue a direction to an NHS commissioning body to call in any proposal.</p> <p>The suggested amendments reflecting our new legislative requirements are attached at Appendix D shown in bold.</p>	
The Petition Scheme	<p>This Scheme has been reviewed to make clear the number of signatures required to trigger the Scheme as well as add clarity to those processes that are excluded by the Scheme.</p> <p>The suggested amendments are attached at Appendix E shown in bold.</p>	Part 5, D6, Pages 300 – 306 of the Constitution.
Gifts and Hospitality Thresholds	<p>Defined thresholds for registering of Gifts and Hospitality currently differ between Officers (£25) and Members (£50). The proposed change is to align these figures to the higher denominator.</p> <p>This change is no more than shown above and therefore not included in an Appendix.</p>	Part 5, Section C, Pages 263 – 265 of the Constitution.
Budget and Policy Framework	<p>This has been reviewed to reflect that the Crime and Disorder Reduction Strategy and Annual Library Plan form part of the statutory policy framework documents together with revised titles to the discretionary policy framework documents.</p> <p>The suggested amendments are attached at Appendix F shown in bold.</p>	Part 2, Article 4, Page 25 of the Constitution.
Corporate Parenting Panel Terms of Reference	<p>The Corporate Parenting Panel wish to change their operating procedures to improve engagement with, and outcomes for, our care experienced young people. The changes include: taking a thematic approach to meetings to ensure that the right people are together to effect tangible differences; changing the governance and engagement arrangements to promote inclusion; and altering the cycle and frequency of performance reporting to align with the thematic approach, therefore making the information more meaningful to effect change and deliver excellent scrutiny.</p>	<p>Part 2, Article 6, Page 46-48 of the Constitution.</p> <p>Part 2, Article 11, Page 78 of the Constitution.</p> <p>Part 4, Overview and Scrutiny Procedure Rules, page 168 of the Constitution.</p>

	The suggested amendments are attached at Appendix G shown in bold.	
Key Decision definition	<p>This has been revised to align with the statutory definition as set out in The Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012 so that the making of savings as well as incurring expenditure of £500k are captured. This has been the long-standing practice of the Council, and this revision merely codifies this practice.</p> <p>The suggested amendments are attached at Appendix H shown in bold.</p>	Part 2, Article 10.3, page 73 of the Constitution.
The Common Seal of the Council	<p>This has been revised to enable an electronic version of the Council's seal as approved by the Chief Legal Officer, to be affixed to documents required to be sealed by the Council. This is to ensure that the sealing process keeps pace with the introduction of electronic signature software adopted by industry.</p> <p>The suggested amendments are attached at Appendix I shown in bold.</p>	Part 1, Article 11, page 76 of the Constitution.

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5. APPOINTMENT OF FIXED TERM MEMBERS OF COMMITTEES AND SUB-COMMITTEES

For expediency where the Council is not able to make appointments to Committees and Sub-Committees, The Head of Paid Service (or an Officer authorised by the Head of Paid Service to act on his or her behalf) will appoint Councillors to Overview and Scrutiny, Regulatory and other Committees and Sub-Committees in accordance with nominations made to him or her in writing by the appropriate Group Leader, Deputy Group Leader or Group Whip.

The nomination must state that it is the Group's wish that the nominated Councillor sit on the Committee or Sub-Committee

- for that meeting only after which the original member will automatically be re-appointed to the committee or sub-committee or
- for a specified period after which the original member will automatically be re-appointed to the committee or sub-committee or
- until further notice in which case if the originally appointed Councillor is to return to the committee or, sub-committee, he/she will be reappointed by nomination to the Head of Paid Service in accordance with this Rule.

To be valid a nomination in accordance with this paragraph 5 must be in the possession of the Head of Paid Service, or an officer authorised by the Head of Paid Service to act on his/her behalf, before the start of the meeting to which the nomination relates.

Substitution Rules:

a) Substitution is for the entire meeting.

b) There cannot be "replacement Members" for Executive Councillors at meetings of the Executive.

c) Except in the case of the Executive, where no substitutes are permitted, and the Health and Wellbeing Board, which operates by its own substitution policy, a Substitute Member may take the place of a Member who is unable to attend a Committee or Sub-Committee of the Council.

d) An Executive Councillor shall not be permitted to be appointed as a substitute to any Scrutiny Committee's, Sub-Committee's or Scrutiny Panels.

e) Executive Support Councillors shall not be permitted to be appointed as a substitute to any Scrutiny Committee or Sub-Committee relating to their portfolio area, and any Scrutiny Panel when it is conducting a review relating to their portfolio area.

- f) Notice of an intended substitution along with the relevant notice to the Chief Executive as proper Officer must be delivered to Democratic Services prior to the commencement of the meeting and must confirm the name of the Councillor acting as the substitute.
- g) Substitute Members will have the same powers and duties as other Members of the Committee.
- h) ~~It is not recommended~~The Head of Paid Service shall not appoint to that Substitute Members are appointed to the Planning and Regulation Committee, Definitive Map and Statement of Public Rights of Way Sub-Committee, Pensions Committee or Audit Committee any councillor nominated under this rule –unless they have undertaken the current prescribed up to date relevant training for the Committee they have been nominated .The Head of Paid Service will not be required to and shall not appoint to the Planning and Regulation Committee, Definitive Map and Statement of Public Rights of Way Sub-Committee or Pensions Committee or Audit Committee any Councillor nominated in accordance with this rule unless that Councillor has undergone the relevant training. For the purpose of this rule, Earlier ttraining will be considered to have expired two months after the quadrennial election to the County Council, and only members who have received training after the said election may be appointed to the above bodies.

Appendix C

Please disregard formatting changes, these will be addressed when the content is approved.

LOCAL ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT MEMBERS UNDER THE LOCALISM ACT 2011 (Act)

1. Introduction

1.1 ~~1.1~~ These "Arrangements" set out how ~~you may make~~ a complaint ~~maybe made~~ that an elected or co-opted ~~m~~Member of Lincolnshire County Council (the Council) has failed to comply with the Council's Code of Conduct. They also set out how the Council will deal with any complaints of a failure to comply with the Code of Conduct.

1.2 Under Section 28 of the Localism Act 2011, the Council must have in place Arrangements under which allegations that an elected Member or co-opted Member of the Council within its area has failed to comply with that Authority's Code of Conduct can be investigated and decisions made on such allegations.

1.3 ~~2~~ Such Arrangements must provide for the Council to ~~must~~ appoint at least one Independent Person, whose views must be sought by the Council before it ~~t~~makes a decision on an allegation that ~~which~~ it has decided to investigate. The Independent Person may also be consulted by the Monitoring Officer at any stage of these Arrangements and may be consulted by ~~the~~a Subject Councillor against whom an allegation has been made.

The Independent Person is a local impartial member of the public who has no personal or professional ties to any Councillor. References to the Independent Person in ~~these~~is Arrangements are references to any person appointed by the Council as an Independent Person pursuant to Section 28 (7) of the Act.

1.4 ~~3~~ These Arrangements reflect the commitment of Group Leaders to maintaining high standards of conduct and their wish to demonstrate that commitment by playing a leading role.

1.5 These Arrangements ~~do not make provisions for escalation of complaints made to any other local authority and~~ relate solely to Lincolnshire County Councillors acting in the capacity as County Councillors. ~~Complaints concerning councillors acting in the capacity as either Parish and District C~~councillors ~~complaints~~ should be made to the relevant District Council's Monitoring Officer and it should be understood that ~~these~~ Arrangements do not provide a route of escalation or appeal for such complaints.

2. The Code of Conduct

2.1 The Council has adopted a Code of Conduct for Members, which is attached as Appendix A to these Arrangements and is available for inspection on the Authority's website or on request from the Monitoring Officer.

2.3. Making a Complaint

23.1 A complaint should be made to the Monitoring Officer, who is a senior officer of the Authority who has statutory responsibility for maintaining the register of Members' interests and who is responsible for administering the system in respect of complaints of Member misconduct.

3.2 A complaint must be made on the Councillor Complaint Form (attached at Appendix B to these Arrangements) and returned in writing in hard copy by post or in electronic format by e-mail to:

The Monitoring Officer
County Offices
Newland
Lincoln
LN1 1YS

E-mail: monitoring.officer@lincolnshire.gov.uk

Provision is made to complete an interactive form via the Council's website.

~~If you cannot a Complainant cannot~~ complete ~~the a~~ form for any reason, ~~they should~~ please contact the Monitoring Officer at the above addresses for assistance or call 01522 552840 to speak with the Head of Democratic Services.

3.3

~~2.2~~ In completing ~~the your~~ form, ~~Complainant's should~~ please provide ~~their us with~~ ~~your~~ name and a contact address or email address, so that we can acknowledge receipt of ~~the your~~ complaint and keep ~~the Complainant you~~ informed of its progress.

~~If Complainant's you~~ want to keep ~~their your~~ name and address confidential, ~~they should please~~ indicate this in the space provided on the complaint form together with the reason why ~~they you~~ feel ~~their your~~ identity should not be disclosed. ~~However, only in exceptional cases will it be possible not to disclose your identity.~~

a) As a matter of fairness and natural justice, the Subject Councillor~~member~~ should normally be informed who has complained about them.

-The Council will not consider anonymous complaints unless there is a clear public interest in doing so. In the interests of transparency and fairness, the identity of the Complainant will be made known to the subject of the complaint (the Subject Councillor) and those who have to deal with the complaint. When a Complainant requests confidentiality, this will be considered by the Monitoring Officer who retains ultimate discretion as to whether to release details to the Subject Councillor or other officers.

In considering such cases the Monitoring Officer will consult with the Independent Person and in reaching a decision will balance the public interest in ensuring that the Subject Councillor is aware of who has complained against them against the complainant's wish that their identity be withheld.

If the Monitoring Officer decides to refuse a request for confidentiality, they will offer the Complainant the opportunity to consider resubmitting the complaint with their identity disclosed.

3.4 Any complaint must provide sufficient detail about why the person complaining (the Complainant) considers that there has been a failure to comply with the Code of Conduct. Complainant's should Pt.

lease limit the amount of supporting documents (if any) to those that are directly relevant and material to the complaint. If, on consideration of the complaint, further information/documentation is thought necessary, Complainant's you will be asked to provide it.

3.5 There may be exceptional circumstances where the Monitoring Officer, after consulting with the Independent Person, will not accept a your complaint. In such circumstances, Complainant's You will be notified of the reasons.

3.6~~2.4~~ The Monitoring Officer's decision at all stages are final and there is no right of appeal or review of their decision.

3.4. Initial Assessment of a Complaint

43.1 On receipt of a complaint the Monitoring Officer will acknowledge receipt within five working days of receiving it and will keep Complainant's you informed of the progress of their your complaint. and inform the Complainant what will happen next. ~~The Monitoring Officer will also inform the Subject Councillor and relevant Group Leader that a complaint has been received. The Monitoring Officer will keep the Complainant, Subject Councillor and relevant Group Leader informed of progress at regular intervals.~~

~~3.2 The Monitoring Officer will then carry out an initial assessment of the complaint. At this initial assessment stage, the Monitoring Officer will review the complaint and may consult the Independent Person before making a decision about whether to take any further action concerning the complaint. The Monitoring Officer may require further information from the Complainant or Subject Councillor before making a decision on the initial assessment.~~

~~4.2.3.3~~ **Before assessment of the complaint begins the Monitoring Officer must be satisfied that the complaint:**

~~No further action will be taken on any complaint if, the opinion of the Monitoring Officer:-~~

~~4.2.3.1~~ **is against one or more named a serving Members Councillor of Lincolnshire County Council;**

~~-is about a Councillor member who was in office at the time of the alleged misconduct and acting in their official capacity as a Councillor at that time; the Code of Conduct was in force at the time,~~

~~4.2.2 is about the behaviour of the Councillor when the Councillor is carrying out their duties as Councillor (the Code of Conduct does not apply to a Councillor's private life); and~~

~~4.2.3 if proven, would be a breach of the Code of Conduct in force at the time of the alleged misconduct. under which the member was operating at the time of the alleged misconduct.~~

~~the behaviour complained of falls outside of the Code of Conduct; or~~

~~3.3.2 the Subject Councillor was not acting in their capacity as a member of the County Council.~~

If the complaint fails any one of these tests, it will not be progressed as a breach of the Code of Conduct and no further action will be taken on it.

~~4.3.34~~ **Whether the Subject Councillor was acting in their official capacity as an elected Member of the County Council is a judgment to be made in individual cases. Relevant considerations will be whether the include the degree to which the behaviour was public including whether it involved the use of publicly available social media and whether the Subject Councillor claimed to act or gave the impression that they were acting in their capacity as an elected Member or representative of the County Council, rather than acting in a purely private capacity. The substance of the complaint and whether it concerned the business or functions of the County Council will also be a relevant consideration.**

4.4 The standards complaints process does not exist to determine how well a Councillor or co-opted Councillor fulfils their role on the Council or determine dissatisfaction on the part of a resident as to the way a Councillor has responded to their concerns. Examples would include a delay or failure to respond to a query. These are matters for the democratic

process with which it would be inappropriate for the Monitoring Officer to become involved. If in the view of the Monitoring Officer a complaint relates to a Councillor's fulfilment of their role, they will refer the complaint to the relevant Group Leader to consider, but no further action will be taken on the complaint under these Arrangements.

~~4.5 Before The Monitoring Officer will then initial as~~ assessing ~~the~~ **the** complaint the Monitoring Officer will inform the Subject Councillor (copying in the relevant Group Leader) that a complaint has been received and invite the Subject Councillor's views on the complaint. Once the Subject Councillor's views have been received, the Monitoring Officer will consult the Independent Person and share with them the complaint and Subject Councillor's views. ~~At this initial assessment stage, the Monitoring Officer will review the complaint and may consult the Independent Person before making a decision about whether to take any further action concerning the complaint.~~ The Monitoring Officer may seek ~~require~~ further information from either the Complainant or Subject Councillor before making a decision on the ~~initial~~ assessment.

~~4.6 The Monitoring Officer will also inform the Subject Councillor and relevant Group Leader that a complaint has been received.~~ **The Monitoring Officer will keep the Complainant, Subject Councillor (and relevant Group Leader) informed of progress at regular intervals.**

~~4.73.5~~ In assessing the complaint the Monitoring will consider the documents received under paragraph 4.5 together with the views of the Independent Person and will be guided by the following criteria, although a complaint would not normally progress beyond the assessment stage if the Monitoring Officer considers any of these criteria to ~~withi~~be met:-

~~34.75.1~~ If the complaint is **deemed to be** the same or substantially the same as a previous complaint (regardless of whether it is the same Complainant), **which has already been the subject of assessment and there is nothing more to be gained by further action being taken;** ~~or subject of an investigation or other action relating to the Code of Conduct or another disciplinary procedure;~~

~~43.75.2~~ If **the event/s/incident/s complained of took place t is received more than six months prior to the date of the complaint being received;** ~~the time since after the alleged behaviour was demonstrated~~ is significant

~~4.7.3~~ **If the complaint is deemed to be** ~~so as to be~~ inequitable, unreasonable or otherwise **there is no overriding** ~~not in the~~ public interest in it being pursued;

~~43.75.43~~ If the complaint (in the view of the Monitoring Officer) discloses only a minor or trivial breach of the Code of Conduct that it is not in the public interest to pursue;

~~43.75.54~~ If the complaint is **deemed** or appears to be (in the view of the Monitoring Officer) malicious, **vexatious**, persistent or otherwise submitted with an improper motive and the complaint is not considered to disclose sufficiently serious potential breaches of the Code of Conduct to merit further consideration;

~~43.75.5.6~~ by the Monitoring Officer³⁵⁶ If the Subject Councillor has remedied or made reasonable endeavours to remedy the subject matter of complaint (for example, by apologising) and the **or the complaint is considered capable of other informal resolution (see paragraph 4.8 below)**. does not (in the view of the Monitoring Officer) disclose sufficiently serious potential breaches of the Code of Conduct; and

~~3.5.7~~ If the complaint is about a person who is no longer a member of the Council and there is (in the view of the Monitoring Officer) no overriding public interest in pursuing the complaint further.

4.7.7 If the Subject Councillor is suffering with ill health to a level deemed that it would not be in the public interest to pursue the complaint at the current time.

4.7.8 If it is deemed that the complaint concerns, or is really about dissatisfaction with, a Council decision or policy rather than a breach of the Code of Conduct.

4.7.9 The complaint is such that it is unlikely that an investigation will be able to come to a firm conclusion on the matter and where independent evidence is likely to be difficult or impossible to obtain.

4.7.10 Where the allegation is anonymous, unless it includes documentary or photographic evidence indicating an exceptionally serious or significant matter and it is considered in the public interest that it be investigated.

4.7.11 It is considered that having regard to the nature of the complaint and the level of its potential seriousness, it would not be proportionate or in the public interest to incur the cost of an investigation.

4.7.12 In all the circumstances, there is no overriding public benefit or interest in carrying out an investigation.

4.8 In appropriate cases, the Monitoring Officer may, following consultation with the Independent Person, deem that the complaint is capable of informal resolution without the need for a formal investigation. Such informal

resolution may involve the Subject Councillor accepting that his/her conduct was unacceptable and offering an apology or the complaint maybe considered suitable for mediation or such other remedial action. Where the Subject Councillor concerned makes a reasonable offer of informal resolution such as an apology or other remedial action, but the Complainant is you are not willing to accept that offer of informal resolution, the Monitoring Officer will take this into account in deciding whether the complaint merits further action under these Arrangements.

4.9 The Monitoring Officer may also, following consultation with the Independent Person, refer a previously considered complaint for formal investigation if attempts to informally resolve a matter break down, or if either party does not act in good faith in attempting to reach a mutually acceptable outcome.

~~36 The standards complaints process does not exist to determine how well a member or co-opted Member fulfils their role on the Council or determine dissatisfaction on the part of a resident as to the way a member has responded to their concerns. Examples would include delay or failure to respond. These are matters for the democratic process with which it would be inappropriate for the Monitoring Officer to become involved. If in the view of the Monitoring Officer a complaint relates to the Subject Councillor's fulfilment of their role they will refer the complaint to the relevant Group Leader to consider.~~

~~43.107 These arrangements are not intended to apply to allegations of criminal offences or other regulatory breaches which will be referred by the Monitoring Officer to the Police or other regulatory body. If the matter is referred to the Police or other relevant regulatory body the Monitoring Officer will take no further action on the complaint.~~

~~It should be noted that complaints which allege that Councillors may have committed a criminal offence in breaching the 'disclosable pecuniary interest' provisions under Section 34 of the Localism Act 2011, will be referred by the Monitoring Officer to Lincolnshire Police for consideration.~~

4.11 The Monitoring Officer may also refer allegations of criminal activity or a breach of other regulations to the police or any other regulatory body for consideration. In such cases, it is likely that the County Council will pause the assessment of your complaint.

4.12 All complaints must be treated with the strictest confidence during assessment and investigation and all parties are requested to respect this. This is to ensure the integrity of the process, and to comply with the relevant legislation. Councillors should not discuss the matter with

others, including at public meetings, as this may constitute a breach of the Code of Conduct.

~~43.138~~ If, following the initial assessment, the Monitoring Officer determines that no further action should be taken, the Monitoring Officer will notify the Complainant **and** of this fact and the reasons for their decision. ~~The Monitoring Officer will also notify the Subject Councillor (copying in the relevant Group Leader) with details of the decision made and the reasons for the same.~~

4.5. Further action following assessment.

~~39~~If, following the initial assessment, the Monitoring Officer determines that further action should be taken, the Monitoring Officer may

~~43.911.1~~ Arrange appropriate **other** actions (e.g. mediation or training **detailed below**);

~~34.119.2~~ Refer the complaint to the relevant Group Leader for informal action; or

~~43.119.3~~ Arrange a formal investigation of the complaint.~~30~~The Monitoring Officer will inform the Complainant, the Subject Councillor and the relevant Group Leader of the result of the initial assessment within 15 working days of receipt of the complaint by the Monitoring Officer or if further information is required under paragraph 3.2 above, within 15 working days of receipt of all such further information.

~~4~~**Where further action is required**~~54.1~~ Where following assessment, and following consultation with the Independent Person, the Monitoring Officer considers that the complaint merits further action, ~~initial~~they will inform the **Complainant and Subject Councillor (and relevant Group Leader)** of their decision. ~~The Monitoring Officer will seek representations from the Subject Councillor, will consult with the relevant Group Leader and may consult with the Independent Person before determining the next steps.~~**This may involve the following:**

5.1.1 **Arranging for other action** to be taken **with a view to** addressing the issues raised in **the complaint. A decision to take 'other action'** might involve **the Subject Councillor being asked to attend a relevant training course or engage in a process of conciliation** or mediation with the **Complainant**.

5.1.2 Following consultation with the relevant Group Leader, refer **the complaint to the relevant Group Leader for action; or**

5.1.3 Refer the complaint for **formal investigation**.

54.24 Where the Monitoring Officer determines that a formal investigation is -required, they will appoint a suitable person to investigate the complaint, **either in whole or in part. This person will be a Senior Officer of Lincolnshire County Council, of another Council, or an External Investigator.**

5.3 The Investigating Officer will decide whether they need to meet or speak to **the Complainant**~~you~~ **to better** understand the nature of **the** ~~your~~ complaint and so that **the Complainant**~~you~~ can explain **their** ~~your~~ understanding of events and suggest what documents the Investigating Officer needs to see, and who the Investigating Officer needs to interview.

5.4 The Investigating Officer would normally write to the **Subject** Councillor against whom **the complaint has been made** ~~you have complained~~ and provide them with a copy of **the** ~~your~~ complaint and **ask**~~invite~~ the **Subject** Councillor to provide their explanation of events, and to identify what documents **they would want the** ~~Investigating Officer to consider~~ **needs to see** and who they need to interview. In exceptional cases, where the Monitoring eOfficer has determined that the complaint should proceed with **the Complainant's** ~~your~~ anonymity being preserved, **the Monitoring Officer** will **delete** **the Complainant's**~~your~~ name and address from the papers given to the Subject Councillor.

5.5 Where a complaint is raised by an officer and while it is being investigated, the Subject Councillor must comply with any measures deemed appropriate by the Monitoring Officer in consultation with the Independent Person.

5.6 Ordinarily the Council would hope that investigations will take no more than 6 months to complete from the date the decision to investigate is taken, and this will depend on the facts of each complaint. Some investigations may conclude earlier. If they will take longer, all parties will be informed of the reasons for any delay.

5.7 It is vital to the timely completion of investigations that **Complainant**~~you, as the complainant~~, and the Subject **Member** Councillor under investigation, comply with the reasonable requirements of the **Investigating** ~~o~~**Officer** in relation to interview attendance and the supply of relevant documentation. Should **the Complainant** ~~you~~ not cooperate the Monitoring Officer may determine that **they** ~~you~~ no longer wish to proceed with the complaint. If the Subject Councillor does not comply, the investigation will proceed in the absence of their contribution.

5.8 At the end of the investigation, the Investigating Officer will produce a draft report and will send copies of that draft report, in confidence, to **the Complainant** ~~you~~ and **to the** Subject Councillor ~~member~~ concerned, to give ~~you~~ both an opportunity to identify any matter in the draft report which **they might** ~~you~~ disagree with or which **they** ~~you~~ consider requires more consideration or clarification.

5.914 Having received and taken account of any such comments, ~~which you may make on the draft report~~, the Investigating Officer will send their final report to the Monitoring Officer. If the Monitoring Officer is not satisfied that the investigation has been conducted properly, they may ask the Investigating Officer to reconsider the report.

5.1054.5 Where the Investigating Officer concludes their investigation and determines that there has been no breach of the Code of Conduct, the Monitoring Officer, will consult with the Independent Person, and if satisfied with the Investigating Officer's report will notify the Subject Councillor, Group Leader and Complainant that no further action is to be taken on the complaint.

5.1164.6 Where the Investigating Officer concludes their investigation and determines that there has been a breach of the Code of Conduct, the Monitoring Officer, in consultation with the Independent Person, will consider whether ~~to resolve the matter informally~~ **Local Resolution** should be attempted or the matter proceed direct to a Local Hearing.

6. Local Resolution

6.1 The Monitoring Officer will consult with the Independent Person and the Complainant ~~with you as complainant~~ and seek to agree what is you considered to be a fair resolution which **also** helps to ensure higher standards of conduct for the future. Such resolution may include the Subject Councillor accepting that their conduct was unacceptable and offering an apology, and/or other remedial action by the County Council ~~authority~~.

6.2 If the Subject Councillor ~~Member~~ complies with the suggested resolution, the Monitoring Officer will report the matter to the Audit Committee for information but **will take no further action**. However, if the suggested **Local Resolution** is not complied with, the Monitoring Officer will refer the matter for a Local Hearing.

7. A Local Hearing

7.1 A Local Hearing will be conducted by at least three non-Executive ~~M~~members of the Council from at least two political groups, drawn from the Audit Committee of the Council as nominated by the Chairman of the Audit Committee. The Chairman of the Audit Committee will consult with Group Leaders on these nominations.

7.2 The Local Hearing will be conducted in accordance with the Hearing Process attached at Appendix **AC** to these arrangements. Prior to the Local Hearing the Monitoring Officer will engage with the Complainant and Subject Councillor with a view to attempting to narrow the issues in dispute and agreeing those facts

that are not in dispute, so that the Local Hearing may proceed more fairly and economically.

75.3 Where the Local Hearing determines that a breach of the Code of Conduct has occurred they will, ~~except in the circumstances described in paragraph 5.4,~~ make recommendations to the relevant Group Leader who will decide the appropriate actions and notify the Subject Councillor and the Monitoring Officer. The Monitoring Officer will notify the Complainant.

75.4 Where the Local Hearing, having consulted with the Independent Person, decides that a breach has occurred and that the breach is of extreme seriousness the Local Hearing may determine that a motion of censure or reprimand of the Subject Councillor be referred to the next full Council meeting.

75.5 The Monitoring Officer or Local Hearing have no power to suspend or disqualify the Subject Councillor, to withdraw ~~Member's~~ basic or special responsibility allowances or to recommend other outcomes.

86. Special Applications

86.1 In cases where the Subject Councillor complained about is not part of a recognised political grouping, the Monitoring Officer will proceed as detailed above, save from liaison with any Group Leader.

86.2 In cases where the complaint is against a Subject Councillor who is a Group Leader, the Monitoring Officer will proceed as detailed above save that the Monitoring Officer will consult a Senior Member from outside the Council (nominated for that purpose in advance of any complaint by the Group Leader) in all cases where they would have consulted a Group Leader. In such cases, the Local Hearing will consult that Senior Member in addition to the Independent Person. In such cases the Local Hearing will make recommendations as to the action to be taken under paragraph 75.3 above to the relevant Deputy Group Leader who will decide the appropriate action to be taken.

86.3 Where the Monitoring Officer is unable to act in relation to these Arrangements by reason of any conflict of interest or otherwise, he may appoint a Deputy Monitoring Officer from within the Council or appoint an independent Monitoring Officer from another authority to act as Monitoring Officer for the purposes of these Arrangements.

97. Revision of these Arrangements

97.1 The Council may by resolution agree to amend these Arrangements and has delegated to the Monitoring Officer the right to depart from these Arrangements, including the Local Hearing procedure under Appendix C, where they consider that it is expedient to do so to secure the effective and fair consideration of any matter.

4. 10. Appeals

108.1 There is no right of appeal for the Complainant or Subject Councillor against a decision of the Monitoring Officer or the decision or recommendations of the Local Hearing. If a Complainant believes that the Council has failed to deal with their complaint properly **in accordance with these Arrangements**, they may submit a complaint to the Local Government Ombudsman.

11. Reporting

The Monitoring Officer will in their annual report to the Audit Committee report on the efficacy of these Arrangements, including the number of complaints received and action taken.

APPENDIX A MEMBERS CODE OF CONDUCT

Lincolnshire County Council Members' Code of Conduct

The activities of all in public life should be guided by the 7 principles of Public Life, also known as the Nolan Principles. These are set out below:-

2.1. Selflessness

Holders of public office should act solely in terms of the public interest.

3.2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

4.3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

5.4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

6.5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

7.6. Honesty

Holders of public office should be truthful.

8.7. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

The County Council has adopted this Code of Conduct setting out the expected behaviours required of its members and added members, acknowledging that they have a shared commitment to representing the community and working constructively and in a spirit of mutual respect and co-operation with each other, Council staff and partner organisations to secure better social, economic and environmental outcomes for all.

As the Nolan Principles are the standards expected of all in public life the Code is closely based on but not identical to the Nolan Principles. In particular compliance with the Code does not in itself guarantee that member conduct is consistent with the Nolan Principles. The Code does not therefore detract from the need for members always to have regard to the Principles in guiding their conduct.

In accordance with the Localism Act provisions, when acting in their capacity as Councillors, all Councillors must be committed to behaving in a manner that complies with the following Code.

THE CODE

1. SELFLESSNESS:

Councillors must act solely in terms of the public interest. This means they must not act in order to gain financial or other material benefits for themselves, their family, or their friends. They must not use their position improperly to confer an advantage or disadvantage on any person.

2. INTEGRITY:

Councillors must not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

Councillors must comply with the Gifts and Hospitality Protocol in Part 5 of the Constitution.

3. OBJECTIVITY:

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, Councillors must make choices on merit.

4. ACCOUNTABILITY:

Councillors are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

This means Councillors will co-operate with the Monitoring Officer or Local Hearing Panel in the course of consideration, investigation or determination of any complaint brought under this Code of Conduct.

5. OPENNESS:

Councillors must act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for doing so.

A Councillor must not, without the consent of the Council or as required by law, disclose information which is

- Contained within an exempt or confidential report within the meaning of the Local Government Act 1972; or
- Which is otherwise confidential to the Council or shared with the Councillor under conditions of confidentiality

Councillors must not disclose any information given to them under conditions of confidentiality by any other person except to the extent that such a disclosure is permitted by law – e.g. due to overriding public interest.

6. HONESTY:

Councillors have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

This means Councillors will comply with the law relating to disclosable pecuniary interests.

Councillors should be aware that the requirement to resolve conflicts arising in a way that protects the public interest may on occasion require them to disclose interests other than disclosable pecuniary interests and to take no part in debates or votes which engage those interests.

7. RESPECT:

Councillors must at all times show respect to each other, staff and members of the public and engage with them in an appropriate manner and one that underpins the mutual respect that is essential to good local government. Councillors may not always agree with the political views of their member colleagues, but they respect the right for those views to be held.

This means in particular that Councillors will not bully or harass any person. This means, for example, that they will not:-

- use offensive intimidating malicious or insulting behaviour or abuse or misuse power to undermine, humiliate, criticise unfairly or injure any person; or
- be guilty of unwanted conduct which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for an individual.

Section D3 of Part 5 of the Constitution – Protocol on Harassment Intimidation and Unacceptable Behaviour gives more detail on these behaviours and applies between members and officers.

8. LEADERSHIP:

Councillors promote and support these principles by leadership and example.

NOTE ON SOCIAL MEDIA

Councillors should note that this Code of Conduct governs their activities on social media in the same way that it governs other activities and councillors should be mindful that the ease of use and very public nature of social media may carry additional risks of breaches of the Code.

NOTE ON PLANNING DEVELOPMENT CONTROL

Section D4 of Part 5 of the Constitution – Planning Development Control Process sets out supplementary requirements in relation to planning which shall form part of this Code of Conduct.

NOTE ON DISCLOSABLE PECUNIARY INTERESTS

The Localism Act 2011 further provides for registration and disclosure of interests and in Lincolnshire County Council this will be done as follows:

On taking up office a member or added member must, within 28 days of becoming such, notify the Monitoring Officer of any 'disclosable pecuniary interests', as prescribed by the Secretary of State.

On re-election or re-appointments, a member or added member must, within 28 days, notify the Monitoring Officer as if for the first time of any 'disclosable pecuniary interests' whether or not such 'disclosable pecuniary interests' were already included in his or her previous register of interests.

If a member or added member is aware that they have a 'disclosable pecuniary interest' in a matter they must not participate in any discussion or vote on the matter at a meeting and if present at the meeting must leave the room during discussion of the matter.

If a member or added member is aware of a 'disclosable pecuniary interest' in a matter under consideration at a meeting but such an interest is not already on the Council's register of interests or in the process of entry onto the register having been notified to the Monitoring Officer, the member or added member must disclose the 'disclosable pecuniary interest' to the meeting and register it within 28 days of the meeting at which it was first disclosed.

APPENDIX B
COMPLAINT FORM - MEMBER(S) CONDUCT

1. Please provide us with your name and contact details:

Date Submitted:	
Title:	
First name:	
Last name:	
Address:	
Daytime telephone:	
Evening telephone:	
Mobile telephone:	
Email address:	

Your address and contact details will not usually be released unless necessary or to deal with your complaint.

However, we will tell the following people that you have made this complaint:

- the **M**ember(s) you are complaining about
- the **M**onitoring **O**fficer of the authority
- the council's Independent Person (if required)
- members of the Hearings Panel if convened to consider your complaint
- officers involved in mediation (if applicable)

We will tell them your name and give them a summary of your complaint. We will give them full details of your complaint where necessary or appropriate to be able to deal with it. If you have serious concerns about your name and a summary, or details of your complaint being released, please complete section 5 of this form.

2. Please tell us which complainant type best describes you:

- Member of the public
- An elected or co-opted **M**ember of an authority, **including district, town and parish councillor**
- Member of Parliament
- Local authority monitoring officer
- Other council officer or authority employee
- Other (please state)

Making your complaint

Once your complaint has been received a decision will be taken in accordance with the council’s published arrangements as to what action, if any, should be taken on it. You will not have the opportunity to attend a meeting at this stage. It is important that you provide information that you want taken into account as part of your complaint.

Please refer to the council’s published arrangements under the heading “Making a complaint” which explains how your complaint will be dealt with.

3. Please provide us with the name of the member(s) you believe have breached the Code of Conduct ~~and the name of their authority:~~

Title	First name	Last name	Paragraph of the Code of Conduct believed to have been breached

It is important that you provide a summary of the information you wish to have taken into account (within the space provided) so a decision can be made, in accordance with the published arrangements, whether to take any action on your complaint. For example:

- You should be specific, wherever possible, about exactly what you are alleging the member said or did. For instance, instead of writing that the member insulted you, you should state what it was they said.
- You should provide the dates of the alleged incidents wherever possible. If you cannot provide exact dates it is important to give a general timeframe.
- You should confirm whether there are any witnesses to the alleged conduct and provide their names and contact details if possible.
- You should provide any relevant background information.

Interests.

Tick this box if you believe that the ~~M~~member(s) either did not declare an interest, or has declared the wrong type of interest. If you are unsure, please tick the box, adding an explanation in section 4.

4. Please explain in this section what the ~~M~~member has done that you believe breaches the Code of Conduct. Please enclose any supporting documents but limit these to those that are directly relevant and material to the complaint.

If you are complaining about more than one ~~m~~Member you should clearly explain what each individual ~~person~~Member has done that you believe breaches the Code of Conduct.

<p>Please provide us with details of your complaint (within the space provided) Please explain _____ what steps, if any, you have taken to resolve this complaint directly with the _____ Mmember concerned?</p>

Would you be prepared to engage in mediation with the member concerned, if considered appropriate, to try and resolve the complaint?

Yes

No *If you answered no please state reason why below:*

Is there a particular remedy that you seek from the member, such as an apology?

Mediation is a way of resolving disputes with the assistance of an independent mediator who will try and help the parties reach a solution to the dispute that both parties are agreeable to. The independent mediator will avoid taking sides, making judgements or giving guidance. They are simply responsible for developing effective communications between the parties with a view to a common sense settlement being arrived at. Mediation is a voluntary process and will only take place if the parties agree and remains confidential to the parties involved.

Only complete this next section if you are requesting that your identity is kept confidential.

5. In the interests of fairness and natural justice, we believe members who are complained about have a right to know who has made the complaint. We also believe they have a right to be provided with a summary of the complaint. -

Please note that requests for confidentiality will only be granted exceptionally. If your request for confidentiality is not granted, you will be given the opportunity to consider whether you wish to proceed with your complaint on the basis that your identity is not kept confidential. **Further information on this can be found in the Council's published Arrangements.**-

However, it is important to understand that in certain exceptional circumstances where the matter complained about is very serious, we can proceed with an investigation or other action and disclose your name even if you have expressly asked us not to.

Please provide us with details of why you believe we should withhold your name and/or the details of your complaint:

6. Additional Help

Complaints must be submitted in writing. This includes electronic submissions. However, in line with the requirements of the Disability Discrimination Act 2000, we can make reasonable adjustments to assist you if you have a disability that prevents you from making your complaint in writing. Please contact The Head of Democratic Services on 01522 552840 who can offer you support and services through which to make your complaint.

LOCAL HEARING UNDER THE MEMBERS CODE OF CONDUCT

HEARING PROCESS Introduction

- 1 This document sets out the Procedure to be followed at meetings of a Local Hearing Panel constituted under ~~paragraph 5 of~~ the Local Arrangements for Dealing with Standards Complaints under the Council's Constitution.
- 2 The role of the Panel is to consider the Investigators Report and representations, the Subject Councillor's representations and to consult the Independent Person and decide whether there has been a breach of the Members Code of Conduct.
- 3 **The Panel Meetings will be held in public session unless determined by the Chairman in consultation with the Monitoring Officer that it falls within the Local Government Act 1972 Schedule 12a exemptions or that it is not within the public's interest to make the meeting open to the public.**

4. Persons Attending

- 3 ~~_____~~ The following persons shall be in attendance at the Hearing: ~~which shall be conducted in private.~~

- ~~34.1~~ the Panel;
- ~~43.2~~ the Monitoring Officer;
- ~~43.3~~ the Independent Person;
- ~~43.4~~ a clerk to take notes of the Hearing
- ~~43.5~~ the Subject Councillor";
- ~~43.6~~ one person to accompany and assist the Subject Councillor; and
- ~~43.7~~ the ~~investigating~~ Investigating Officer.

5. Notice of the Hearing

- ~~_____~~ At least 7 days' notice of the Hearing will be given to the Panel, the Subject Councillor and the ~~investigator~~ Investigating Officer unless a shorter time is agreed at the request of the Subject Councillor. The notice shall be accompanied by the ~~investigator's~~ Investigating Officer's report and accompanying documents and a copy of this Hearing Process.

6. Process at the Hearing

6.1 Preliminary Procedural Issues

6.1.1 Introduction

6.1.2 Declaration of Interest (if any)

6.1.3 To consider any request for exclusion of Press and Public.

6.2 Findings of Facts

6.2.1 Monitoring Officer (or his/her representative) to present summary report and refer to outcome of pre-hearing process.

6.2.2 Investigating Officer to present report and call such witnesses as he/she considers necessary to substantiate his/her conclusion(s) within the report.

6.2.3 Member (or his/her representative) to raise/clarify issues with Investigating Officer, including questioning of the Investigating Officer's witnesses.

6.2.4 Members of the Panel to raise/clarify issues with the Investigating Officer, including the questioning of the Investigating Officer's witnesses.

6.2.5 Member (or his/her representative) to present their case and call such witnesses as he/she considers necessary.

6.2.6 Investigating Officer to raise/clarify issues with the Member (or his/her representative), including the questioning of the Member's witnesses.

6.2.7 Members of the Panel to raise/clarify issues with the Member (or his/her representative) including questioning the Member's witnesses.

6.2.8 Views of the Independent Person sought.

6.2.9 Members of the Panel to raise/clarify issues with the Independent Person.

6.2.10 The Panel will retire, along with the Monitoring Officer, to determine its findings of the fact. The Panel's decision will be reported back to the meeting by the Head of Democratic Services.

6.3 Breach of the Code of Conduct.

6.3.1 The Panel will need to consider whether or not, based on the facts it has found, the Member has breached the Code of Conduct.

6.3.2 Investigating Officer to address the Panel on whether the facts found constitute a breach of the Code of Conduct.

6.3.3 Member (or his/her representative) to address the Panel as to why the facts found do not constitute a breach of the Code of Conduct.

6.3.4 Views of the Independent Person sought.

6.3.5 Members of the Panel to raise/clarify issues.

6.3.6 The Panel will retire, along with the Monitoring Officer, to determine whether there has been a breach of the Code of Conduct. The Panel's decision will be reported back the meeting by the Head of Democratic Services.

(If the Panel determine that there has been no breach of the Code of Conduct, the complaint will be dismissed. If, however, the Panel determine that there has been a breach of the Code of Conduct, the procedure at paragraph 20 will apply).

6.4 Action to be taken

6.4.1 The Panel will need to determine what action/recommendations, if any, should be taken/made as a result of the Member's breach of the Code of Conduct.

6.4.2 Monitoring Officer (or his/her representative) to outline possible action/recommendations.

6.4.3 Investigating officer to make submissions on such matters.

6.4.4 Member (or his/her representative) to make submission on such matters.

6.4.5 Views of the Independent Person sought on such matters.

6.4.6 Members of the panel to raise/clarify issues.

6.4.7 The Panel will retire along with the Monitoring Officer, to consider what action/recommendations, if any, should be taken/made. The Panel's decision will be reported back to the meeting by the Head of Democratic Services.

6.4.8 Close of Hearing

6.5 After the Hearing

6.5.1 As soon as reasonably practicable after the Hearing the Monitoring Officer will prepare a formal decision notice in consultation with the Panel Chairman and send a copy to the Subject Councillor and (where applicable) the Subject Councillor's Group Leader. The decision notice will include the reasons for the decision.

6.5.2 The Monitoring Officer will send the decision notice to the Complainant on the expiry of two working days after the formal decision notice was sent to the Subject- Councillor and (where applicable) Group Leader and will report the decision to the next convenient meeting of the Audit Committee.

Appendix D

Health Scrutiny Committee for Lincolnshire

Terms of Reference

The Health Scrutiny Committee for Lincolnshire is authorised to undertake the following activities: -

- To review and scrutinise the following services and their outcomes:
 - NHS funded health care; and
 - Health and Well-Being Board, including in particular the Board's development of the Joint Strategic Needs Assessment, the Joint Health and Wellbeing Strategy, the Pharmaceutical Needs Assessment
- To review and scrutinise any matters relating to the planning, provision and operation of health services which affect the residents of Lincolnshire except for those under the remit of the Adults and Community Wellbeing Scrutiny Committee and the Children and Young People Scrutiny Committee.
- To consider the Annual Report of the Director of Public Health on the Health of the People in Lincolnshire, using the report to inform the Committee's work programme.
- **To provide advice to any responsible NHS commissioner on whether the Committee believes any proposal for service change from that commissioner constitutes a substantial development or substantial variation in the provision of health services in Lincolnshire, following consideration of the relevant provisions in any protocol agreed between the responsible NHS commissioner and the Committee.**
- To consider and respond to any consultations by any responsible NHS commissioner, which constitute a substantial development or substantial variation in the provision of health services in Lincolnshire, using the powers set out in the relevant health overview and scrutiny regulations and referring to any guidance issued by the Secretary of State for Health. ~~Where there is a disagreement between the Committee and the responsible NHS commissioner which cannot be resolved after reasonable practicable steps and the Committee believe that~~
 - ~~(a) the proposed substantial variation or development would not be in the interests of the health service in Lincolnshire; or~~
 - ~~(b) the arrangements put in place by the responsible NHS commissioner for consultation have not been adequate in relation to content or time allowed; or~~
 - ~~(c) the reasons given for not consulting by the responsible NHS commissioner are not adequate;~~

~~the Committee may determine whether to refer the matter to the Secretary of State, in accordance with the relevant health overview and scrutiny regulations and any guidance issued by the Secretary of State for Health, taking account of any protocol agreed between the Committee and the responsible NHS commissioner.~~

- To request that the Secretary of State calls in a proposal from a responsible NHS commissioner for a substantial development or substantial variation in the provision of health services in Lincolnshire, in instances where the Committee does not support the proposal and all reasonable steps have been taken to resolve the matter locally in accordance with the guidance issued by the Secretary of State.
- To consider representations from individuals or organisations, where those individuals or organisations are seeking to support their request that the Secretary of State call in a proposal for the reconfiguration of local health services.
- To make representations to the Secretary of State, in instances where the Secretary of State has intervened on a proposal for a substantial development or substantial variation in the provision of health services in Lincolnshire.
- To consider and respond to any other health consultations, which affect the residents of Lincolnshire.
- To submit requests to the Overview and Scrutiny Management Board, for in-depth scrutiny reviews in relation to the above services. Where a request for a scrutiny review is approved by the Overview and Scrutiny Management Board, the scrutiny review will be undertaken by a Scrutiny Panel on behalf of the Committee.
- To consider and approve reports, including recommendations, prepared following in-depth reviews undertaken by Scrutiny Panels, for submission to the relevant NHS organisation or other decision maker. Such reports and recommendations to include:-
 - (a) an explanation of the matter reviewed or scrutinised;
 - (b) summary of the evidence considered
 - (c) list of participants involved in the review or scrutiny; and
 - (d) an explanation of any recommendations on the matter reviewed or scrutinised.
- To make reports and recommendations to any relevant NHS body, to any relevant health service provider, the County Council, the Executive or relevant Executive Councillor in relation to any of the Committee's functions listed above. Such reports and recommendations to include:-
 - (a) an explanation of the matter reviewed or scrutinised;
 - (b) summary of the evidence considered;
 - (c) a list of participants involved in the review or scrutiny; and
 - (d) an explanation of any recommendations on the matter reviewed or scrutinised.
- To liaise with Healthwatch Lincolnshire in relation to the health care element of Healthwatch Lincolnshire's work programme and to consider referrals from Healthwatch Lincolnshire in relation to health care.
- **To agree protocols with any NHS organisation, Healthwatch Lincolnshire, the Health and Wellbeing Board or the Integrated Care Partnership to support the Committee in its activities.**

PETITIONS SCHEME

PETITIONS AT LINCOLNSHIRE COUNTY COUNCIL

Lincolnshire County Council welcomes petitions and recognises that petitions are one way in which people can let us know their concerns. Anyone who lives, works or studies in Lincolnshire can organise or sign a petition which will be dealt with in accordance with this scheme. All petitions to Lincolnshire County Council are taken seriously, and will receive an appropriate response.

This Petition Scheme sets out how petitions should be presented to the Council and how the Council will deal with them.

OTHER WAYS TO MAKE YOUR VIEWS KNOWN

Before considering whether or not to raise a petition to the Council, the petition organiser should consider whether a petition is the best form of engagement with the Council on a particular issue.

There are a number of other ways to resolve an issue or to make your views known including:

- Contacting your Local County Councillor who may be able to help with the issue or explain how to make representations on a particular subject to the right person at the County Council (more details can be found on the website <http://lincolnshire.moderngov.co.uk/mgMemberIndex.aspx?bcr=1>)
- Contacting the Customer Service Centre who may be able to offer advice on resolving the -issue (Customer Service Centre can be contacted via:
 - Telephone: 01522 552222;
 - Email: customer_services@lincolnshire.gov.uk;
 - Post: County Offices, Newland, Lincoln, LN1 1YL).
- Logging the issue through the website (<https://www.lincolnshire.gov.uk/>)

If you wish to make a complaint or tell us what you think about a Council service, then you should instead use the Compliments, Comments and Complaints process by completing the online feedback form at [Your comments and feedback – Lincolnshire County Council www.lincolnshire.gov.uk/feedbackform](http://www.lincolnshire.gov.uk/feedbackform)—or by contacting our Customer Service Centre.

HOW TO SUBMIT A PETITION

Petitions can be submitted in the following ways:

- On paper via post to:

Democratic Services ~~The Head of Paid Service~~
Lincolnshire County Council
County Offices
Newland
Lincoln
LN1 1YL

Or in person to: County Offices, Newland, Lincoln.

- Electronically through the council's ePetitions Portal at:
<http://lincolnshire.moderngov.co.uk/mgepetitionlistdisplay.aspx>

Or by e-mail to: DemocraticServices@lincolnshire.gov.uk. Petitions submitted by email must be scanned in full as an exact replica of the original copy and will be treated as a paper copy.

GUIDELINES FOR SUBMITTING A PETITION

For the purposes of this scheme, petitions are formal requests that:

- Ask the Council to either do something, or stop doing something;
- Relate to matters over which the Council has control or which it is able to influence;
- Are signed by at least 2 people **and only signed by people** -who live, work or study in Lincolnshire;
- Are submitted either as a paper copy or via the Council's e-petition facility.

Petitions submitted to the County Council must include:

- A clear and concise statement covering the subject of the petition;
- A statement of what action the petitioners wish the County Council to take, which must be set out in full on each sheet where signatures are asked for;
- The name, address and signature of any person supporting the petition (signatures which do not include the name and address of the signatory will be deemed not valid);
- The contact details, including an address and/or e-mail address for the petition organiser.

Petitioners are encouraged to use the Lincolnshire County Council petition template form which is available on the website (<https://www.lincolnshire.gov.uk/local->

[democracy/finding-your-views/petitions/](#) website currently in development) or by contacting the Democratic Services Team on 01522 552334107.

EXCEPTIONS TO THE PETITIONS SCHEME

The following will not be accepted as petitions within the scope of the scheme:

- Submissions which are considered to be vexatious, abusive or otherwise inappropriate;
- Submissions in response to a public consultation being run by **or due to be run by** the council (~~such petitions will be acknowledged as part of that process and will be considered along with other consultation responses~~);
- Submissions relating to matters which would usually be dealt with through the corporate complaints system;
- Submissions that are the same as, or very similar to, a petition considered by the County Council within the last 6 months;
- Issues raised by staff related to employer/employee matters;
- Petitions relating to matters being handled through external agencies such as the Ombudsman or referring to a matter that is subject of legal proceedings;
- Petitions that are handled through alternative means or where other procedures apply, such as those referring to:
 - planning or licensing application;
 - parking policies **or Traffic Regulation Orders (TRO's)**-
 - a decision for which there is an existing right of appeal, such as Council tax banding and non-domestic rates;
 - statutory petitions (for example requesting a referendum on having an elected mayor).

Further information on these procedures and how you can express your views is available by contacting Democratic Services on **01522 552334**~~01522 552107~~.

PAPER AND ONLINE PETITIONS

Paper petitions should be submitted as a final and complete document (once a petition has been submitted no further signatures can be added).

Petitioners are encouraged to use the Lincolnshire County Council petition template form which is available on the website or by contacting the Democratic Services team on 01522 552334107.

The Council welcomes e-petitions which are created and submitted through our website. E-petitions must follow the same guidelines as paper petitions. The petition organiser will need to provide us with their name, full postal address and email address. The petition organiser will need to decide how long the petition will be open

for signatures. The standard timeframe for a petition to run is 6 months but this can either be reduced or extended to a maximum of 12 months.

It may take up to 5 working days before the petition is published online as the Council has to check that the content of your petition is suitable before it is made available for signature. If we feel we cannot publish the petition for some reason, we will contact the petition organiser within this time to explain the reasons why. The petition organiser will then have 10 working days in which to change and resubmit their petition. Otherwise a summary of the petition and the reasons why it was not accepted will be published on the website.

When an e-petition has closed for signature it will be determined what the most appropriate way for it to be dealt with is and the petition organiser will be notified of this decision within 10 working days.

It is possible for an online petition and paper petition to be run at the same time to enable them to be considered together. The petition organiser must send the paper petition to the Council at the same time as the closing date of the online petition so all signatures can be counted together. Please advise the Democratic Services Team if you are intending to run a paper petition and e-petition concurrently so appropriate provision can be made.

Electronic petitions created via alternative systems (e.g. change.org) will be accepted subject to the petition satisfying the validation criteria and being presented to us in an appropriate format.

Online petition systems outside of the Council's own ePetition system do not automatically notify us when a petition has been submitted and therefore the Council will treat these in the same way as paper petitions. In these cases, the petition organiser will need to print a copy of the petition statement and the corresponding signatures (including full name, address details) and submit these to us either via post, in person or via e-mail. Hyperlinks will not be accepted.

HOW WILL THE COUNCIL RESPOND TO PETITIONS?

The Council will determine the validity of each petition and decide the most appropriate way for a petition to be dealt with in discussion with the petitioner.

When responding to a petition the Council will give consideration to the issue highlighted in a petition and the level of support. The Council's response will ultimately be guided by what is most appropriate for the issue.

Generally petitions will be dealt with in one of the following ways:

- Referred directly to an appropriate service area and the relevant Executive Councillor for a response;
- Referred to the most relevant Scrutiny Committee;
- Referred to a meeting of the County Council.

Each petition will be assessed on its own merits, but as a general principal, a petition relating to an issue which affects one electoral division will be sent directly to the

relevant service area and Executive Councillor. If the petition relates to an issue affecting two or more electoral divisions it may be referred to the relevant scrutiny committee. In some circumstances, if the petition relates to a countywide issue and has sufficient support it may be referred to a meeting of the County Council.

An acknowledgement will be sent to the petition organiser within 10 working days of receiving the petition. It will let them know how the Council plan to deal with the petition and when they can expect to be contacted again.

If the Council can do what the petition asks for, the acknowledgement may confirm that the action requested has been taken and the petition will be closed.

Where a petition is about something over which the Council has no direct control (for example the local railway, hospital or something which is the responsibility of the district council) consideration will be given to what is the best method for responding to it. This may consist of simply forwarding the petition to the most appropriate body. The petition organiser will be notified of the action which has been taken.

In the period immediately before an election or referendum the Council will need to deal with petitions differently, the reasons for this will be explained to the petition organiser along with the revised timescales which will apply.

Petitions will be presented at relevant meetings in the order they were received.

PETITIONS REFERRED TO A SERVICE AREA AND EXECUTIVE COUNCILLOR

Where a petition is referred to the relevant service area and Executive Councillor for a response, the service area in consultation with the Executive Councillor will decide how best to respond to the issues raised. The petition organiser will receive a response within 15 working days.

PETITIONS REFERRED TO A MEETING OF THE COUNTY COUNCIL

When a petition is referred to a meeting of the County Council it will be referred to the next meeting of the County Council (where that meeting is more than 10 working days from the date that the petition is received).

Council meetings take place approximately four times a year and the dates can be obtained by contacting the Democratic Services Team or by visiting the Council's website.

The petition organiser, or their spokesperson, will have a maximum of 5 minutes to speak to the meeting on the subject of the petition. The relevant Executive Councillor will then be allowed a maximum of 5 minutes to respond to the petition.

Following the meeting a petition organiser will receive a written confirmation of any further action within 15 working days.

PETITIONS REFERRED TO A SCRUTINY COMMITTEE

If a petition is to be considered by a Scrutiny Committee it will be referred to the next meeting of the most relevant Scrutiny Committee (where that meeting is more than 10 working days from the date the petition is received), depending on what the subject matter of the petition is. Alternatively, if the matter of the petition is already on

the work programme of a Scrutiny Committee, the petition organiser will be invited to the meeting to submit representations about their petition under the agenda item it relates to.

The petition organiser, or their spokesperson, will have a maximum of 5 minutes to speak to the meeting on the subject of the petition. The relevant Executive Councillor or senior officer will then be able to respond to the petition. The petition will then be debated by the Scrutiny Committee. At the end of the debate, the Scrutiny Committee will decide how best to respond to the petition. Any deviation from this process will be at the discretion of the Chairman of the Scrutiny Committee.

The petition organiser will be informed of the date of the meeting at which the petition will be considered. If the petition organiser is unable to attend and cannot nominate a spokesperson, the petition may still be considered in their absence. Any deferrals would be at the discretion of the Chairman of the Scrutiny Committee.

Following the meeting a petition organiser will receive a written confirmation of any further action within 15 working days.

A maximum of 2 petitions can be submitted to any one Scrutiny Committee at one time.

MULTIPLE AND REPEAT PETITIONS

Where multiple petitions on the same issue or substantially similar issues are received the Council may deal with them differently. If the Council chooses to refer the petition to a scrutiny committee for consideration, only one petitioner will be invited to speak (ordinarily it is the petitioner from the first petition to be received, however, petitioners are permitted to choose which of them will address the committee and to confer on the content of the speech prior to the start of the meeting if they so choose). The response given by the Council to any additional petitions may be the same as given to the first.

Petitions will not normally be considered within 6 months of another petition on the same matter. Petitions which are the same or substantially the same as petitions which have been closed in the previous 6 months will be dealt with having regard to the outcome of the earlier petition. This may result in the Council deciding to not take any action on the later petition. It will be for the Council to determine whether a petition is the same or substantially the same as an earlier petition.

PETITION REVIEWS

If the petition organiser feels unhappy with the way their petition was handled he/she can request that the Council review the steps taken in response to the petition. The petition organiser should contact Democratic Services and provide an explanation of the reasons why the way the petition has been dealt with is not considered to be adequate. The Council will consider the request and respond accordingly within 10 working days.

CONTACT US

For more information and advice or to discuss a potential petition, please contact Democratic Services:

Telephone: 01522 552334407

Email: democraticservices@lincolnshire.gov.uk

Post: Democratic Services
Lincolnshire County Council
Newland
Lincoln
LN1 1YL

Further information, including templates and guidance documents are available at (<https://www.lincolnshire.gov.uk/local-democracy/finding-your-views/petitions/> website currently in development).

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ARTICLE 4 – THE FULL COUNCIL

4.1 Meanings

(a) **Policy Framework**

The policy framework means the following plans and strategies:

(i) Those required by law to be adopted by the Council

- ~~Annual Review of Pay Policy~~ Pay Policy Statement
- ~~Council Business Plan~~
- Local Transport Plan
- The Youth Justice Plan
- Mineral and Waste Local Plan
- ~~Mineral Local Plan~~
- Joint Municipal Waste Strategy
- ~~Financial Strategy~~ Annual Library Plan
- Crime and Disorder Reduction Strategy
- ~~_____~~

(ii) Those other plans and strategies which the Council has determined should be part of the Policy Framework:

- ~~_____~~ Adult Learning Plan
- Council Corporate Plan 2019 - 2029
- Quality Protect Management Plan
- Asset Management Plan
- Children & Young Persons Plan
- Financial Strategy
- ~~_____~~ Community Engagement Strategy ~~2018/2313/18~~

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CHANGES TO THE CONSITUTION REQUIRED FOR CORPORATE PARENTING PANEL

6.1 Corporate Parenting Panel

Membership

1. The County Councillor membership of the Corporate Parenting Panel will follow the rules of proportionality and be determined by the County Council on an annual basis.
2. The Panel will comprise of 7 voting Members of Lincolnshire County Council, 3 of which ideally will be District Councillors or have a strong link with districts to enable these views to be represented.
3. Four non-voting representatives will be invited to every meeting: two Foster Carer representatives and two care-experienced representatives.
4. Additional members will be appointed to attend up to two thematic meetings per year in relation to their area of expertise or portfolio. The list below is not exhaustive but gives examples of the partners that will be requested to attend. These members do not have voting rights, but are invited to fully participate in the meeting:
 - Lincolnshire NHS Foundation Trust
 - ICB
 - LPFT (Mental Health)
 - Community Health
 - Acute Trust
 - Relevant Portfolio Holders and Scrutiny Chairs
 - Virtual School
 - Learning Partnership
 - Leaving Care Service
 - Further Education providers
 - Lincolnshire Police
 - Probation Service
 - Youth Offending
 - Lincoln Prison
 - WAWY
 - NACRO
 - District Councils
 - Supported Living Providers

- DWP

~~Five additional members may also be appointed to the Panel in the following categories:~~

- ~~• one Representative of the V4C the Children in Care Council~~
- ~~• one Lincolnshire Community Health Services NHS Trust representative~~
- ~~• one Lincolnshire Partnership NHS Foundation Trust representative~~
- ~~two Foster Carers~~

Chairman and Vice Chairman

5. At its first meeting in each municipal year, the Corporate Parenting Panel will elect a Chairman and Vice-Chairman from the County Councillor membership of the Panel.

Quorum

6. The quorum of the Corporate Parenting Panel will be three, ~~with at least one of the county council Corporate Parenting Panel members in attendance~~ Elected Members.

Replacement

7. Replacement members will be permitted on the Corporate Parenting Panel.

Meetings

8. The Corporate Parenting Panel will meet ~~in public~~ up to six times a year and as otherwise required, four of which will have a thematic focus:

- Health and Wellbeing
- Education, Training, Employment and Careers
- Crime and Disorder
- Housing and Accommodation

9. Meetings will be held at County Offices in Lincoln.

10. All attendees will receive paperwork five clear working days in advance of each meeting and minutes will be published after the event.

Terms of Reference

11. The Corporate Parenting Panel is authorised to undertake the following activities:-

- Ensure that all Councillors and Lincolnshire County Council

Directorates are fulfilling their roles and responsibilities as corporate parents proactively. This will involve the Corporate Parenting Panel organising specific education and training events for all eCouncillors to ensure they are equipped with the knowledge and skills to be corporate parents.

- Provide clear strategic and political direction and agree clear actions and accountability in relation to corporate parenting and for Members to utilise their skills, knowledge and influence to be active in creating tangible differences for the young people in care.
- Investigate on behalf of all Councillors ways in which the role of corporate parenting can be improved, using examples from other local authorities and countries.
- Ensure that Councillors undertake their annual programme of visits to children's homes.
- Ensure that the needs of children and young people in public care and their carers are prioritised by Councillors and officers.
- Receive quarterly reporting of key performance indicators relating to children and young people in public care.
- Receive regular and/or annual reports on the level and quality of services to children and young people in public care from:
 - the Children's Services Directorate;
 - other Directorates;
 - and organisations. Senior leaders from key partners who share the Corporate Parenting responsibility.

- Monitor the performance, quality and outcomes of the Council's services in relation to children and young people in public care and identify any areas for improvement.
- Engage with children and young people who are in public care or have left care by inviting them to act as advisers to the Corporate Parenting Panel.
- Listen to the views of children, young people and their carers and to involve them in the assessment and development of services.
- Champion the provision of Council based work placements and Apprenticeships for looked after young people.
- Promote achievement and acknowledge the aspirations of children and young people in public care by supporting celebration events.
- Meet with Ofsted inspectors where appropriate for their input into inspections.
- Participate as members of the adoption and fostering panels.
- Agree a work plan, reviewing progress, membership of the Panel and attainment of its role and terms of reference.
- Report back formally on these matters in writing to full Council at least annually and more frequently as the Corporate Parenting Panel considers necessary.

COMPOSITION OF OTHER GROUPS

Corporate Parenting Panel	7 Councillors – Politically inclusive (+5 non-voting members as set out in Article 6.11)
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5. CHAIRMEN OF OVERVIEW AND SCRUTINY COMMITTEES, SCRUTINY PANELS AND SCRUTINY SUB GROUPS

- (A) The County Council will appoint the Chairmen and the Vice-Chairmen of the Overview and Scrutiny Committees from amongst the Councillors sitting on the relevant Committee, except for the Health Scrutiny Committee for Lincolnshire.
- (B) The Health Scrutiny Committee for Lincolnshire will appoint its own Chairman and Vice-Chairman.
- (C) The County Council will appoint the Chairmen and the Vice-Chairmen of the Scrutiny Panels.
- (D) The Chairmen and the Vice-Chairmen of the Corporate Parenting ~~Sub-Group~~Panel and the Safeguarding Boards Scrutiny Sub-Group will be appointed by the respective Sub-Group at its first meeting in each municipal year.

10.1 Types of decision

(a) **Decisions reserved to full Council**

Decisions relating to the functions listed in Article 4.02 will be made by the full Council and not delegated.

(b) **Key decisions**

(i) A Key decision, as set out in 'The Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012' is a decision of the Executive which is likely:

- to result in the local authority incurring expenditure which is, or the making of savings which are, significant having regard to the local authority's budget for the service or function to which the decision relates; or
- to be significant in terms of its effects on communities living or working in an area comprising two or more electoral divisions in the area of the local authority.

(ii) Without prejudice to the generality of the statutory definition but subject always to paragraph (iii) below the following decisions shall be treated as Key Decisions for the purposes of this Constitution

- _____ a decision which is likely to result in expenditure or the making of savings of £500k and for the purposes of the statutory definition of a key decision expenditure or savings below the said figure of £500k shall not be taken to be significant;
- a decision which will have a material effect on Council services such as where
 - an existing service or access to an existing service will be substantially expanded or reduced or will cease altogether or a new service is proposed
 - a service which is currently provided in-house by the Council may be outsourced
 - a partnership will be entered into with a third party which involves an element of risk share or transfer
- a decision that involves any new policy or strategy- or which forms part of the development of or a change to the Policy Framework or the Budget
- a decision to exercise the Council's power to trade or charge

for discretionary services

- a decision to apply for funding from any external body which if successful would require Council match funding of £250,000 or more or entail a revenue commitment of at least £250,000 in total
- consideration of any matter which will result in —a recommendation to full Council

(iii) The following shall not be Key Decisions notwithstanding that they may fall within paragraph (b)(i) above

- routine money market transactions and
- in relation to the letting of contracts, the key decision is the proposal to let the contract and subsequent decisions in relation to any procurement process from inviting tenders up to an including awarding the contract to a particular contractor are not Key Decisions;

ARTICLE 11 – FINANCE, CONTRACTS AND LEGAL MATTERS

11.1 Financial management

The management of the Council's financial affairs will be conducted in accordance with the Financial Regulations set out in Part 4 of this Constitution.

11.2 Contracts

Every contract made by the Council will comply with the Contract Regulations set out in Part 4 of this Constitution.

11.3 Legal proceedings

The Chief Legal Officer is authorised to institute, defend or participate in any legal proceedings in any case where such action is necessary to give effect to decisions of the Council or in any case where the Chief Legal Officer considers that such action is necessary to protect the Council's interests.

11.4 Authentication of documents

Where any document is necessary to any legal procedure or proceedings on behalf of the Council, it will be signed by the Chief Legal Officer or other person authorised by him/her, unless any enactment otherwise authorises or requires, or the Council has given requisite authority to some other person.

11.5 Common Seal of the Council

The Common Seal of the Council, including an electronic version approved by the Chief Legal Officer, will be kept in a safe place in the custody of the Chief Legal Officer. A decision of the Council, or of any part of it, will be sufficient authority for sealing any document necessary to give effect to the decision. The Common Seal, including an electronic version, will be affixed to those documents, which in the opinion of the Chief Legal Officer should be sealed. The affixing of the Common Seal, including an electronic version, will be attested by the Chief Legal Officer or some other person authorised by him/her.

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**Open Report on behalf of Andrew Crookham,
Deputy Chief Executive & Executive Director of Resources**

Report to:	Audit Committee
Date:	25 March 2024
Subject:	External Audit Plans – Lincolnshire County Council and Lincolnshire Pension Fund 2023/24

Summary:

Our external auditors, KPMG LLP, present their 2023/24 indicative audit plan for both Lincolnshire County Council and the Lincolnshire Pension Fund. This covering report briefly summarises the content of these plans.

Recommendation(s):

The Executive Director of Resources recommends that the Audit Committee considers the two external audit plans and identifies any further information or actions that may be required.

1. Background

1.1 Our external auditors, KPMG, have prepared two plans setting out their approaches to this year's audit work on both Lincolnshire County Council's main accounts and on the Lincolnshire Pension Fund's accounts. The purpose of these plans is to summarise for this Committee the initial risk assessments and planned audit approaches.

- 1.2 The plans each include the following main themes:
- Overview of planned scope including materiality
 - Indicative risks assessment,
 - Audit risk and audit approach
 - Audit fees.
 - Auditor independence.

1.3 The Lincolnshire County Council plan also includes information on the audit of value for money.

1.4 The external auditors welcome the opportunity to interact with Members of the Audit Committee and will be presenting their two plans at the meeting.

2. Conclusion

2.1 The Audit Plans provide detail on how the external auditors expect to conduct this year's audit work. They provide members of the Audit Committee with an initial outline of the planned audit approach and an opportunity to ask questions about the plans.

3. Consultation

a) Risks and Impact Analysis

N/A

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Lincolnshire County Council Audit Plan 2023/24
Appendix B	Lincolnshire Pension Fund Audit Plan 2023/24

5. Background Papers

No Background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Michelle Grady, who can be contacted on 01522 553235 or michelle.grady@lincolnshire.gov.uk.

Lincolnshire County Council

DRAFT - Report to the Audit Committee

External Audit Plan & Strategy for the year ending
31 March 2024

March 2024

Introduction

To the Audit Committee of Lincolnshire County Council

We are pleased to have the opportunity to meet with you on 25 March to discuss our audit of the financial statements of Lincolnshire County Council for the year ending 31 March 2024.

We have been appointed as your auditors by Public Sector Audit Appointments Ltd. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and in compliance with the NAO Code of Audit Practice. The NAO is consulting on a new Code of Audit Practice for 2023/24, therefore this plan will remain draft until the finalisation of that Code.

This report outlines our risk assessment and planned audit approach. Our planning activities are still ongoing and we will communicate any significant changes to the planned audit approach. We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

Contents	Page
Overview of planned scope including materiality	3
Significant risks and Other audit risks	5
Audit Risks and our audit approach including Going concern	6
Mandatory communications	14
Value for Money	16
Appendix	20

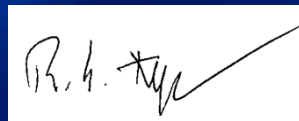
The engagement team

Rashpal Khangura, CIPFA, is the engagement director on the audit. He has over 20 years of industry experience.

Rashpal shall lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include Sofie Kockelbergh, senior manager and Francesca Shaw, assistant manager with 8 years and 5 years of experience respectively.

Yours sincerely,



Rashpal Khangura

Director - KPMG LLP

18 March 2024

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner. The audit undertaken in the current year is dependent on the finalisation of the previous auditor's work over historical financial statements. We aim to complete all audit work no later than 2 days before audit signing. As you are aware, we will not issue our audit opinion until we have completed all relevant procedures, including audit documentation.

Restrictions on distribution

This report is intended solely for the information of those charged with governance of Lincolnshire County Council and the report is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

Overview of planned scope including materiality

Our materiality levels

We determined materiality for the Lincolnshire County Council financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of expenditure which we consider to be appropriate given the sector in which the entity operates, its ownership and financing structure, and the focus of users.

We considered qualitative factors such as stability of legislation, lack of shareholder and stable business environment when determining materiality for the financial statements as a whole.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality £16.2m / 65% of materiality driven by our expectations of increased level of undetected or uncorrected misstatements in the period. We also adjust this level further downwards for items that may be of specific interest to users for qualitative reasons.

We will report misstatements to the audit committee including:

- Corrected and uncorrected audit misstatements above £1.25m.
- Errors and omissions in disclosure (Corrected and uncorrected) and the effect that they, individually in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

Control environment

The impact of the control environment on our audit is reflected in our planned audit procedures. Our planned audit procedures reflect findings raised in the previous year and management's response to those findings.

For example, we anticipate that we will adopt a controls-based approach on Cash

File review of previous auditor

We have planned to perform a review of the previous auditor's file in March 2024.

Council Materiality

Council	
Materiality for the financial statements as a whole	£25m (2.01% of expenditure)
Procedure designed to detect individual errors at this level	£16.2m (65% of materiality)
Misstatements reported to the Audit Committee	£1.25m (5% of expenditure)

Council Materiality
£25m
2.01% of Council expenditure
£1,246m

Overview of planned scope including materiality (cont.)

Timing of our audit and communications

- We will maintain communication led by the engagement director and senior manager throughout the audit. We set out below the form, timing and general content of our planned communications:
- Kick-off meeting with management in March 2024 where we present our draft audit plan outlining our audit approach and discuss management's progress in key areas;
- Audit Committee meeting in March 2024 where we present our audit plan;
- Status meetings with management between July and September where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues;
- Closing meeting with management in September 2024 where we discuss the auditor's report and any outstanding deliverables;
- Audit Committee meeting in September where we communicate audit misstatements and significant control deficiencies; and
- Biannual private meetings can also be arranged with the Committee chair if there is interest.

Given the large amount of consultation happening in regard to the scope and timing of local government audit this audit schedule may be subject to change.

Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.

Others	Extent of planned involvement or use of work
Internal Audit	We will review the work of internal audit as part of our risk assessment procedures but will not place reliance on their work.
KPMG IT Audit	We will work closely with the IT Audit team, as part of our risk assessment, procedures over the system change and data migration.
KPMG Real Estate Valuation Expert	We anticipate that the KPMG real estate valuation team will assess the assumptions underpinning particular balances in the Council's year end land & buildings and investment property valuation.
KPMG Pensions Centre of Excellence	The pensions audit team will perform all planning, risk assessment and substantive procedures over the LGPS account balances. KPMG actuary will review and assess the underlying assumptions within the entity's year-end actuarial report.

Significant risks and Other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the business, the sector and the wider economic environment in which Lincolnshire County Council operates.

We also use our regular meetings with senior management to update our understanding and take input from sector audit teams and internal audit reports.

Value for Money

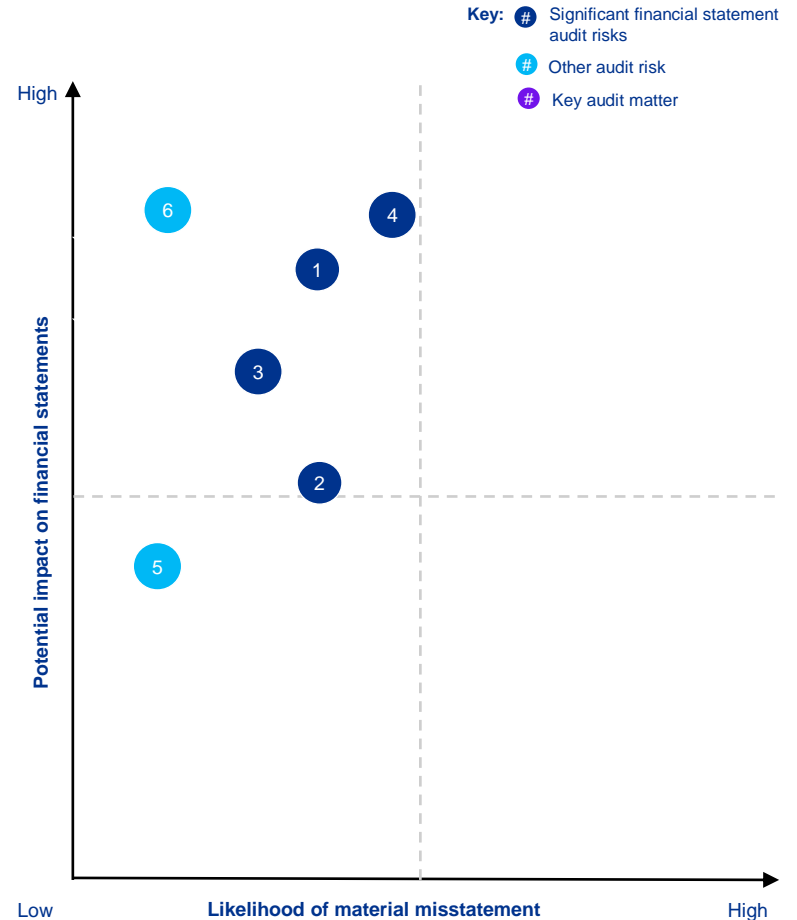
We are required to provide commentary on the arrangements in place for ensuring Value for Money is achieved at the Council and report on this via our Auditor's Annual Report. This will be published on the Council's website and include a commentary on our view of the appropriateness of the Council's arrangements against each of the three specified domains of Value for Money: financial sustainability; governance; and improving economy, efficiency and effectiveness.

Significant risks

1. Valuation of land and buildings
2. Valuation of investment property
3. Management override of controls
4. Valuation of post retirement benefit obligations

Other audit risks

5. Revenue expenditure is inappropriately recognised as capital expenditure
6. Data Migration as a result of the new ledger.



Audit risks and our audit approach (cont.)

1 Valuation of land and buildings

The carrying amount of revalued Land & Buildings differs materially from the fair value



Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle.

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value.

A further risk is presented for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the Council's valuer, Kier.



Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of Kier Services, the valuers used in developing the valuation of the Council's properties at 31 March 2024;
- We will inspect the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement;
- We will agree the calculations performed of the movements in value of land and buildings and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- We will utilise our own valuation specialists (where required) to review the valuation report prepared by the Council's independent valuers to confirm the appropriateness of the methodology utilised; and
- Disclosures: We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach (cont.)

2

Valuation of investment property

The carrying amount of revalued investment property differs materially from the fair value



Significant audit risk

The Code defines an investment property as one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property. As at 31 March 2023, the Council had investment properties with a total value of £115m.

There is a risk that investment properties are not being held at fair value, as is required by the Code. At each reporting period, the valuation of the investment property must reflect market conditions. Significant judgement is required to assess fair value and management experts are often engaged to undertake the valuations.



Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of Savills, the valuers used in developing the valuation of the Council's investment property at 31 March 2024;
- We will inspect the instructions issued to the valuers to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement;
- We will agree the calculations performed of the movements and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- We will utilise our own valuation specialists (where required) to review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised; and
- Disclosures: We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach (cont.)

3

Management override of controls^(a)

Fraud risk related to unpredictable way management override of controls may occur



Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- As part of our planning risk assessment procedures we identified that the Council does not have enforced segregation of duty controls over the posting of journals, we will therefore not seek to take a controls based approach when designing procedures to provide assurance over this risk.

Note: (a) Significant risk that professional standards require us to assess in all cases.



Planned response

Our audit methodology incorporates the risk of management override as a default significant risk.

- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluate the selection and application of accounting policies.
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post closing adjustments.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the Council's normal course of business, or are otherwise unusual.
- Search for fraudulent journal entries using KPMG Automated Audit Procedures.
- We will analyse all journals through the year using data and analytics and focus our testing on those with a higher risk.

Audit risks and our audit approach (cont.)

4

Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation



Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the following pension scheme memberships: Local Government Pension Scheme
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.



Planned response

We will perform the following procedures:

- Understand the processes the Councils have in place to set the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Perform inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agree the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluate the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenge, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirm that the accounting treatment and entries applied by the Council are in line with IFRS and the CIPFA Code of Practice;
- Consider the adequacy of the Council's disclosures in respect of the sensitivity of the deficit or surplus to these assumptions; and
- Where applicable, assess the level of surplus that should be recognised by the entity.

Audit risks and our audit approach

Expenditure – rebuttal of Significant Risk

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.

Having considered the risk factors relevant to the Council and the nature of expenditure within the Council, we have determined that a significant risk relating to expenditure recognition is not required.

Specifically, the financial position of the Council, (whilst under pressure) is not indicative of a position that would provide an incentive to manipulate expenditure recognition and the nature of expenditure has not identified any specific risk factors.

Audit risks and our audit approach

Revenue – Rebuttal of Significant Risk

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. Due to the nature of the revenue within the sector we have rebutted this significant risk. We have set out the rationale for the rebuttal of key types of income in the table below.

Description of Income	Nature of Income	Rationale for Rebuttal
Council tax	This is the income received from the seven district councils paid to them by local residents paid in accordance with an annual billing schedule based on the banding of the property concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the billing schedule agreed by the Council and the seven district councils. This is underpinned by the number of properties in the area and the fixed price that is approved annually based on a band D property: it is highly unlikely for there to be a material error in the population.
Business rates	Revenue received the seven district councils paid to them from local businesses paid in accordance with an annual demand based on the rateable value of the business concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the billing schedule agreed by the Council and the seven district councils. This is underpinned by the number of businesses in the area and the fixed amount that is approved annually: it is highly unlikely for there to be a material error in the population.
Fees and charges	Revenue recognised from receipt of fixed fee services, in line with the fees and charges schedules agreed and approved annually.	The income stream represents high volume, low value sales, with simple recognition. Fees and charges values are agreed annually. We do not deem there to be any incentive or opportunity to manipulate the income.
Grant income	Predictable income receipted primarily from central government, including for housing benefits.	Grant income at a local authority typically involves a small number of high value items and an immaterial residual population. These high value items frequently have simple recognition criteria and can be traced easily to third party documentation, most often from central government source data. There is limited incentive or opportunity to manipulate these figures.

Audit risks and our audit approach

5

Revenue expenditure is inappropriately recognised as capital expenditure

Revenue expenditure is inappropriately recognised as capital expenditure



Other audit risk

- Given the size of the Council's capital programme (£194.8m), we have identified an Other Audit Risk regarding the recognition of revenue expenditure being inappropriately recognised as capital expenditure.



Planned response

We will perform the following procedures in order to respond to the risk identified:

- We will evaluate the design and implementation of controls for classifying expenditure as capital;
- We will review the capital programme for schemes which indicate they are of a revenue nature; and
- We will test capital expenditure incurred by the Council/entity to ensure it is correctly capitalised.

Audit risks and our audit approach

6

Ledger migration

The data migrated from the old to new general ledger system is incomplete or inaccurate



Other audit risk

- The Council migrated its general ledger software as at the 1st of April 2023.
- This migration poses a risk of incomplete or inaccurate data having been migrated over and therefore a risk of there being inaccurate ledger balances and inaccurate preparation of the year-end financial statements.
- As the timing of the migration was during the financial year, there is also an increased risk relating to the control environment as different processes will have in operation before and after the migration.



Planned response

We will perform the following procedures:

- We will understand and evaluate the design and implementation of controls in place around the migration to ensure the complete and accurate transfer of data;
- We will consider the impact the migration will have on our understanding of the business processes and perform additional risk assessment procedures to ensure that we have appropriately and sufficiently documented its impact;
- We will understand the changes to the IT environment and involve KPMG IT audit specialists as required;
- We will test the migration of data to ensure completeness and accuracy of the transferred data; and
- We will verify the accuracy of the opening trial balance of the new general ledger system and reconcile it to the closing trial balance of the old general ledger system to confirm that the ledger balances have accuracy transferred across.

Mandatory communications - additional reporting

Going concern

Under NAO guidance, including Practice Note 10 - A local authority's financial statements shall be prepared on a going concern basis; this is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern.






However, financial sustainability is a core area of focus for our Value for Money opinion.

Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily 	We have identified issues that we may need to report 	Work is completed at a later stage of our audit so we have nothing to report 
--	--	--

We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

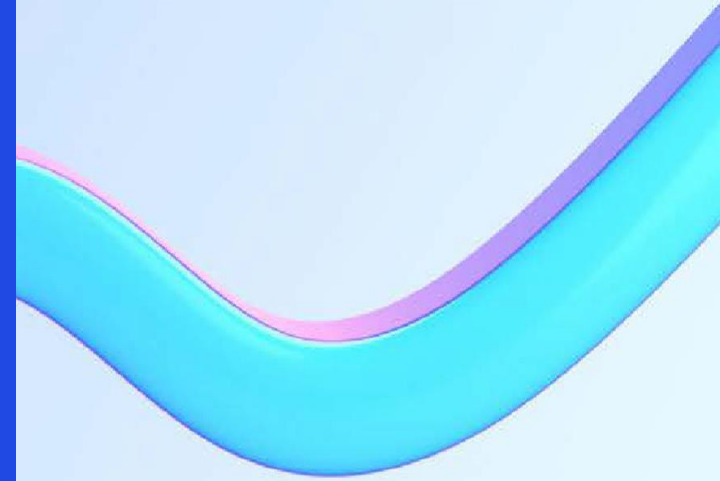
Type	Status	Response
Our declaration of independence		No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Issue a report in the public interest		We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters to date.
Provide a statement to the NAO on your consolidation schedule		This "Whole of Government Accounts" requirement is fulfilled when we complete any work required of us by the NAO to assist their audit of the consolidated accounts of DLUHC.
Provide a summary of risks of significant weakness in arrangements to provide value for money		We are required to report significant weaknesses in arrangements. Work to be completed at a later stage.
Certify the audit as complete		We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.

Mandatory communications

Type	Statements
Management’s responsibilities (and, where appropriate, those charged with governance)	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
Auditor’s responsibilities	<p>Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
Auditor’s responsibilities – Fraud	<p>This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.</p>
Auditor’s responsibilities – Other information	<p>Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.</p>
Independence	<p>Our independence confirmation at page 24 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm’s independence and the integrity and objectivity of the audit engagement director and audit staff.</p>

Lincolnshire County Council

Value for money



Value for money

For 2023/24 our value for money reporting requirements have been designed to follow the guidance in the Audit Code of Practice.

Our responsibility to conclude on significant weaknesses in value for money arrangements is unchanged.

The main output remains a narrative on each of the three domains, summarising the work performed, any significant weaknesses and any recommendations for improvement.

We have set out the key methodology and reporting requirements on this slide and provided an overview of the process and reporting on the following page.

Risk assessment processes

Our responsibility remains to assess whether there are any significant weaknesses in the Council's arrangements to secure value for money. Our risk assessment will continue to consider whether there are any significant risks that the Council does not have appropriate arrangements in place.

In undertaking our risk assessment we will be required to obtain an understanding of the key processes the Council has in place to ensure this, including financial management, risk management and partnership working arrangements. We will complete this through review of the Council's documentation in these areas and performing inquiries of management as well as reviewing reports, such as internal audit assessments.

Reporting

As with the prior year our approach to value for money reporting aligns to the NAO guidance and includes:

- A summary of our commentary on the arrangements in place against each of the three value for money criteria, setting out our view of the arrangements in place compared to industry standards;
- A summary of any further work undertaken against identified significant risks and the findings from this work; and
- Recommendations raised as a result of any significant weaknesses identified and follow up of previous recommendations.

The Council will be required to publish the commentary on its website at the same time as publishing its Statement of Accounts online.

Financial sustainability

How the body manages its resources to ensure it can continue to deliver its services.

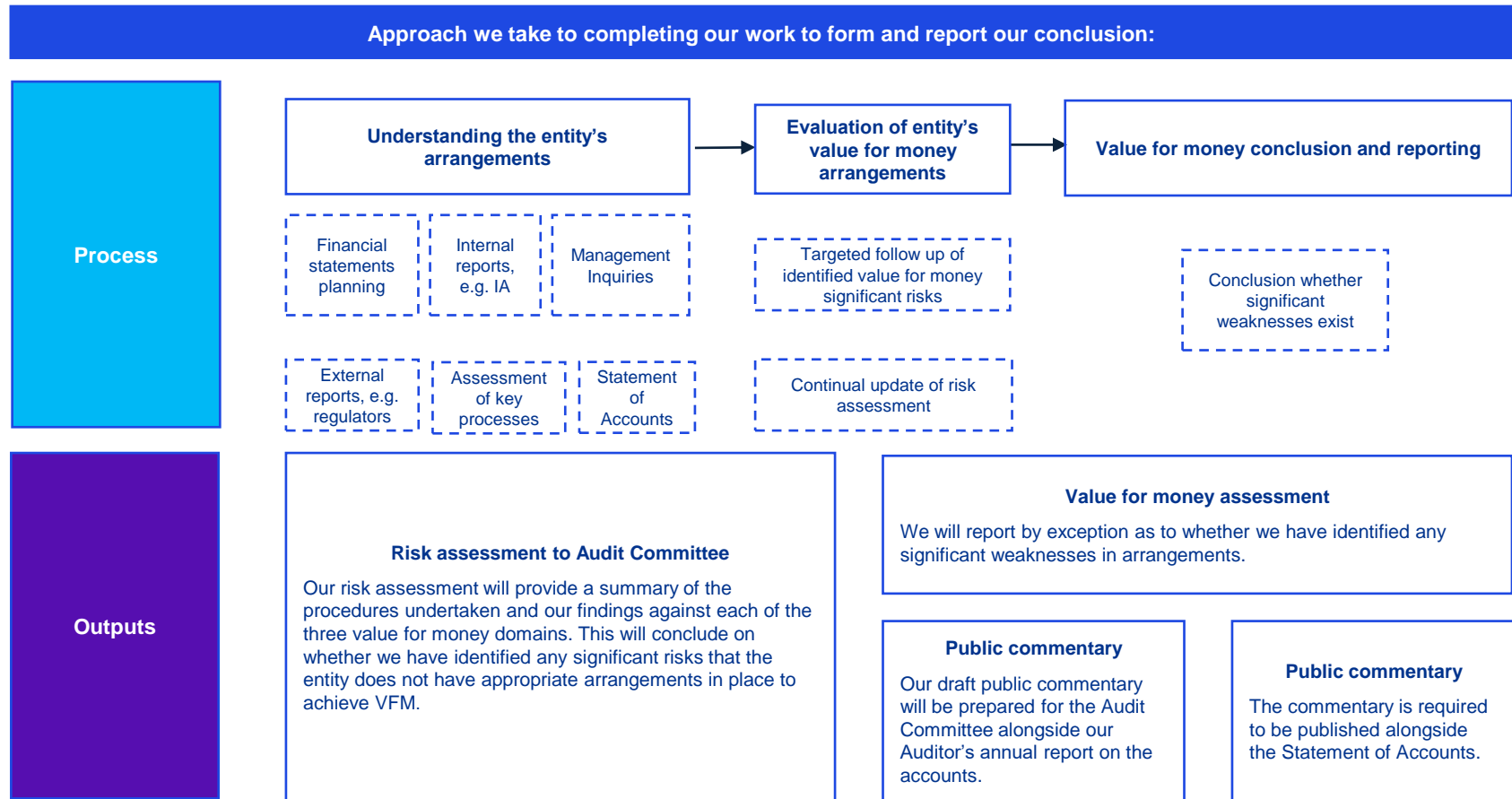
Governance

How the body ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.

Value for money



Summary of risk assessment

Summary of risk assessment

We have not identified any risks of significant weaknesses from our initial work, however our risk assessment is continuing and we will provide our full risk assessment at the next Audit Committee.

Appendix

	Page
A Audit team	21
B Audit cycle & timetable	22
C Fees	23
D Confirmation of independence	24
E KPMG's Audit quality framework	26
F ISA (UK) 315 Revised: Overview	27
G ISA (UK) 240 Revised: Summary of key changes	28
H FRC's Areas of Focus	29

Audit team and rotation

Your audit team has been drawn from our specialist local government audit department and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit director and firm.



Rashpal is the director responsible for our audit. They will lead our audit work, attend the Audit Committee and be responsible for the opinions that we issue.



Sofie is the senior manager responsible for our audit. They will co-ordinate our audit work, attend the Audit Committee and ensure we are co-ordinated across our accounts and value for money work.



Francesca is the in-charge responsible for our audit for the second year. They will be responsible for our on-site fieldwork. He will complete work on more complex section of the audit.

To comply with professional standard we need to ensure that you appropriately rotate your external audit director. There are no other members of your team which we will need to consider this requirement for:



This will be director's first year as your engagement lead. They are required to rotate every five years, extendable to seven with PSAA approval.

Audit cycle & timetable

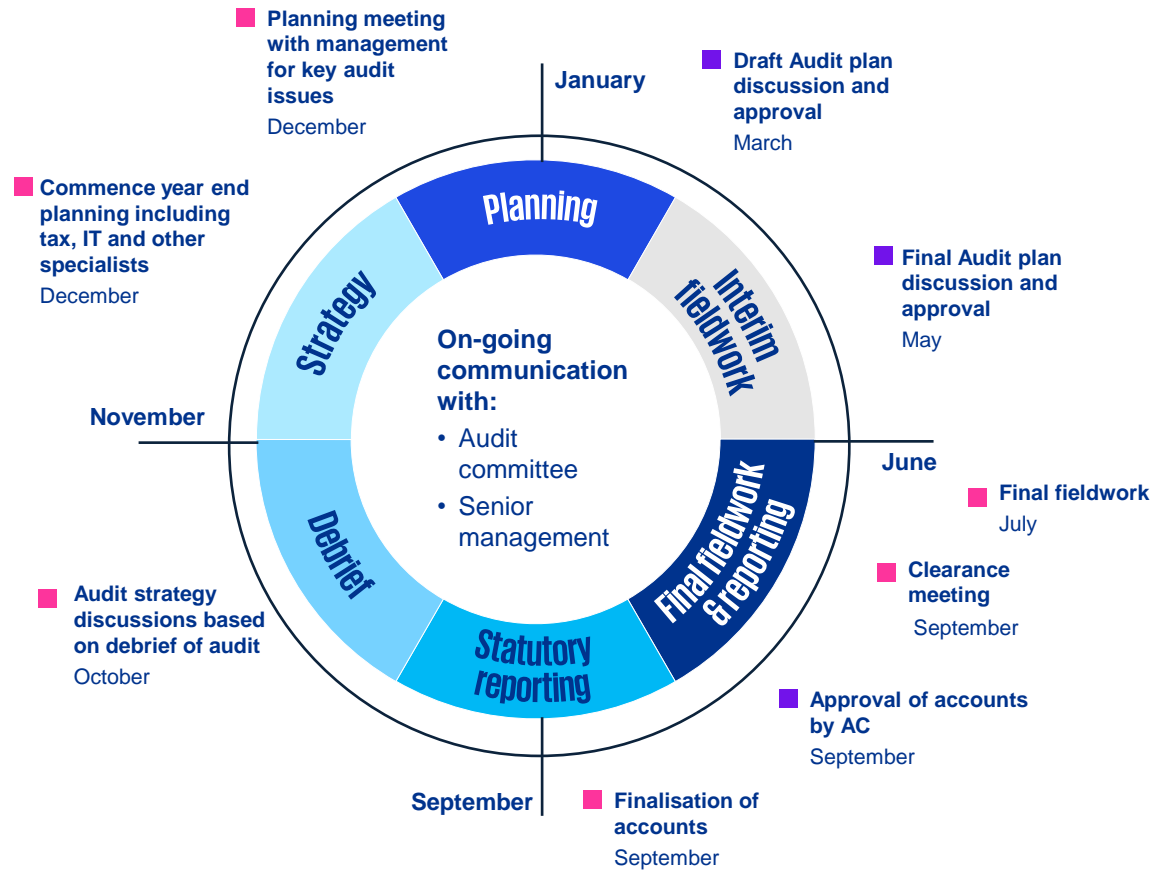
Our schedule December 2023 – December 2024

We have worked with management to generate our understanding of the processes and controls in place at the Council in its preparation of the Statement of Accounts.

We have agreed with management an audit cycle and timetable that reflects our aim to sign our audit report in September 2024.

This being the first year of KPMG as auditor we have undertaken greater activities to understand the Council at the planning stage. This level of input may not be required in future years and may change our audit timings.

Given the large amount of consultation happening in regard to the scope and timing of local government this audit **schedule may be subject to change.**



Key:

- Timing of AC communications
- Key events

Fees

Audit fee

Our fees for the year ending 31 March 2024 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2023/24 (£'000)	2022/23 (£'000)
Statutory audit	290	100*
TOTAL	290	100

*Scale fee as published by PSAA.

We are yet to agree our fee variation in respect of the data migration work. This fee variation will be subject to PSAA approval.

As per PSAA's Scale Fees Consultation, the fees do not include new requirements of ISA315 revised (risk of material misstatement); or ISA 240 (auditor's responsibilities relating to fraud. The fees also assume no significant risks are identified as part of the Value for Money risk assessment. Additional fees in relation to these areas will be subject to the fees variation process as outlined by the PSAA.

Billing arrangements

Fees will be billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

Basis of fee information

Our fees are subject to the following assumptions:

- The Council's audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- Draft statutory accounts are presented to us for audit subject to audit and tax adjustments;
- Supporting schedules to figures in the accounts are supplied;
- The Council's audit evidence files are completed to an appropriate standard (we will liaise with management separately on this);
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

Any variations to the above plan will be subject to the PSAA fee variation process.

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.

To the Audit Committee members

Assessment of our objectivity and independence as auditor of Lincolnshire County Council

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

There are no non-audit services applicable.

Confirmation of Independence (cont.)

Summary of fees

We have considered the fees charged by us to the Council and its affiliates for professional services provided by us during the reporting period.

Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0: 1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2023/24
	£'000
Statutory audit	290
Other Assurance Services	0
Total Fees	290

Application of the FRC Ethical Standard 2019

We communicated to you previously the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the director and audit staff is not impaired.

This report is intended solely for the information of the Audit Committee of the Council and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

KPMG LLP

KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

■ Commitment to continuous improvement

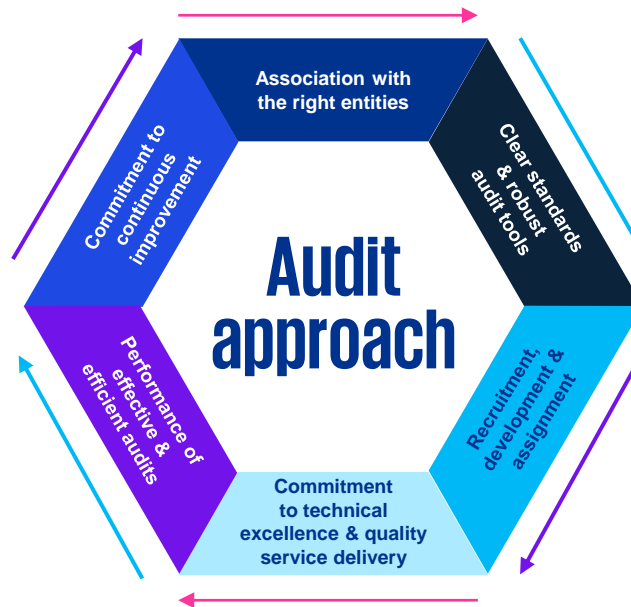
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



■ Association with the right entities

- Select entities within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists

ISA (UK) 315 Revised: Overview

Summary

In the prior period, ISA (UK) 315 Revised “Identifying and assessing the risks of material misstatement” was introduced and incorporated significant changes from the previous version of the ISA.

These were introduced to achieve a more rigorous risk identification and assessment process and thereby promote more specificity in the response to the identified risks. The revised ISA was effective for periods commencing on or after **15 December 2021**.

The revised standard expanded on concepts in the existing standards but also introduced new risk assessment process requirements – the changes had a significant impact on our audit methodology and therefore audit approach.

What impact did the revision have on audited entities?

With the changes in the environment, including financial reporting frameworks becoming more complex, technology being used to a greater extent and entities (and their governance structures) becoming more complicated, standard setters recognised that audits need to have a more robust and comprehensive risk identification and assessment mechanism.

The changes result in additional audit awareness and therefore clear and impactful communication to those charged with governance in relation to (i) promoting consistency in effective risk identification and assessment, (ii) modernising the standard by increasing the focus on IT, (iii) enhancing the standard’s scalability through a principle based approach, and (iv) focusing auditor attention on exercising professional scepticism throughout risk assessment procedures.

Implementing year 1 findings into the subsequent audit plan

Entering the second year of the standard, the auditors will have demonstrated, and communicated their enhanced insight into their understanding of your wider control environment, notably within the area of IT.

In year 2 the audit team will apply their enhanced learning and insight into providing a targeted audit approach reflective of the specific scenarios of each entity’s audit.

A key area of focus for the auditor will be understanding how the entity responded to the observations communicated to those charged with governance in the prior period.

Where an entity has responded to those observations a re-evaluation of the control environment will establish if the responses by entity management have been proportionate and successful in their implementation.

Where no response to the observations has been applied by entity, or the auditor deems the remediation has not been effective, the audit team will understand the context and respond with proportionate application of professional scepticism in planning and performance of the subsequent audit procedures.

What will this mean for our on-going audits?

To meet the on-going requirements of the standard, auditors will each year continue to focus on risk assessment process, including the detailed consideration of the IT environment.

Subsequent year auditor observations on whether entity actions to address any control observations are proportionate and have been successfully implemented will represent an on-going audit deliverable.

Each year the impact of the on-going standard on your audit will be dependent on a combination of prior period observations, changes in the entity control environment and developments during the period. This on-going focus is likely to result in the continuation of enhanced risk assessment procedures and appropriate involvement of technical specialists (particularly IT Audit professionals) in our audits which will, in turn, influence auditor remuneration.

ISA (UK) 240 Revised: changes embedded in our practices

Ongoing impact of the revisions to ISA (UK) 240

ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) The auditor’s responsibilities relating to fraud in an audit of financial statements included revisions introduced to clarify the auditor’s obligations with respect to fraud and enhance the quality of audit work performed in this area. These changes are embedded into our practices and we will continue to maintain an increased focus on applying professional scepticism in our audit approach and to plan and perform the audit in a manner that is not biased towards obtaining evidence that may be corroborative, or towards excluding evidence that may be contradictory.

We will communicate, unless prohibited by law or regulation, with those charged with governance any matters related to fraud that are, in our judgment, relevant to their responsibilities. In doing so, we will consider the matters, if any, to communicate regarding management’s process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud.

Area	Our approach following the revisions
Risk assessment procedures and related activities	<ol style="list-style-type: none"> 1) Increased focus on applying professional scepticism – the key areas affected are: <ul style="list-style-type: none"> • the need for auditors not to bias their approach towards obtaining evidence that is corroborative in nature or excluding contradictory evidence; • remaining alert for indications of inauthenticity in documents and records, and • investigating inconsistent or implausible responses to inquiries performed. 2) Requirements to perform inquiries with individuals at the entity are expanded to include, amongst others, those who deal with allegations of fraud. 3) We will determine whether to involve technical specialists (including forensics) to aid in identifying and responding to risks of material misstatement due to fraud.
Internal discussions and challenge	<p>We will have internal discussions among the audit team to identify and assess the risk of fraud in the audit, including determining the need for additional meetings to consider the findings from earlier stages of the audit and their impact on our assessment of the risk of fraud.</p>

FRC's areas of focus



The FRC released their [Annual Review of Corporate Reporting 2021/22](#) in **October 2022**, along with a [summary of key matters](#) for the coming year, primarily targeted at CEOs, CFOs and Audit Committee chairs. In addition, they released six thematic reviews during the year which should be considered when preparing financial reports.

The reports identify where the FRC believes companies should be improving their reporting. Below is a high level summary of the key topics. We encourage management and those charged with governance to read further on those areas which are significant to the entity.



Reporting in uncertain times

Last year's Annual Review of Corporate Reporting from the FRC was prepared in the context of the current heightened economic and geopolitical uncertainty. The challenges of the Covid-19 pandemic, Russia's invasion of Ukraine and slowing of global economies has led to inflationary pressure worldwide and rising interest rates.

This makes meaningful disclosure more important than ever, and the FRC has stressed the need for companies to move beyond simply complying with the minimum requirements of the relevant accounting and reporting frameworks. They expect companies to provide high-quality, decision-useful information for investors, with companies continually assessing evolving risks and ensuring these are clearly explained in annual reports.

The potential effects of uncertainty on recognition, measurement and disclosure are numerous, and companies will need to think carefully about the impacts of uncertainty, in particular inflation, on their reporting. The Annual Review gives a number of examples including:

Strategic report: the impact of inflation on the business model, changes to principal risks and uncertainties, and the impact of inflation on stakeholders.

Discount rates: inputs need to follow a consistent approach in incorporating the effects of inflation.

Material assumptions: where inflation assumptions represent a source of significant estimation uncertainty, the FRC expects companies to provide explanation of how these have been calculated and sensitivity disclosures if appropriate.

Pension schemes: explain the effect of uncertainty on investment strategy and associated risks.



Climate-related reporting

Climate-related reporting has advanced significantly this year as premium listed entities are required by the Listing Rules to provide disclosures consistent with the Taskforce on Climate-Related Disclosures (TCFD) recommendations. This follows the expansion of the Streamlined Energy and Carbon Reporting (SECR) rules last year, which require quoted companies and large unquoted companies and LLPs to provide emissions reporting.

Climate has therefore been an area of ongoing focus for the FRC, with a thematic reviews in both 2021 and 2022 on aspects of climate reporting. From reviews of TCFD disclosures in the year, the FRC has highlighted five areas of improvement for companies to consider going forwards:

Granularity and specificity: disclosures should be granular and specific both to the company and the individual disclosure requirement, including a clear link to financial planning.

Balance: discussion of climate-related risks and opportunities should be balanced, and companies should consider any technological dependencies.

Interlinkage with other narrative disclosures: companies should ensure clear links between TCFD disclosures with other narrative disclosures in the annual report.

Materiality: companies should clearly articulate how they have considered materiality in the context of their TCFD disclosures.

Connectivity between TCFD and financial statements disclosures: the FRC may challenge those that disclose significant climate risks or net zero transition plans in narrative reporting, but do not explain how this is taken into account in the financial statements.

FRC's areas of focus (cont.)

Cash flow statements

This continues to be a particular area of concern as it is a recurring source of errors identified by the FRC, with 15 companies restating their cash flow statements in the review period as a result of the FRC's enquiries.

Companies are encouraged to consider the guidance in the 2020 thematic review on this topic, and to ensure that robust pre-issuance reviews of the financial statements have been undertaken.

Cash flows must be classified as operating, investing or reporting in line with the requirements of the standard, and amounts reported should be consistent with disclosures elsewhere in the report and accounts including the elimination of non-cash transactions.

Several errors identified by the FRC related to the parent company cash flow statement, and it should be ensured that this statement also complies with the requirements of the standard.

Financial Instruments

Companies should ensure that disclosure is sufficient to enable users to evaluate the nature and extent of risks arising from financial instruments and the approach taken to risk management.

These disclosures should include the approach and assumptions used in the measurement of expected credit losses, and details of concentrations of risk. In times of economic uncertainty, disclosure of methods used to measure exposure to risks, and details of hedging arrangements put in place for interest rates or inflation are all the more important.

In addition, accounting policies should be provided for all material financing and hedging arrangements and any changes in these arrangements. Where companies have banking covenants, information about these should be provided (unless the likelihood of a breach is considered remote).

Income taxes

Where material deferred tax assets are recognised by historically loss-making entities, disclosures should explain the nature of the evidence supporting their recognition. In addition, any connected significant accounting judgements or sources of estimation uncertainty will also need to be disclosed.

On tax more generally, the FRC expects companies to ensure that tax-related disclosures are consistent throughout the annual report and accounts, and material reconciling items in the effective tax rate reconciliation are adequately explained.

For groups operating in several jurisdictions, effective tax reconciliations may be more meaningful if they aggregate reconciliations prepared using the domestic rate in each individual jurisdiction, with a weighted average tax rate applied to accounting profit.

Strategic report and other Companies Act 2006 matters

The strategic report needs to articulate the effects of economic and other risks facing companies, including inflation, rising interest rates, supply chain issues and labour relations. Mitigation strategies should be explained, with links, where relevant, to information disclosed elsewhere in the annual report.

Business reviews should discuss significant movements in the balance sheet and cash flow statement, and should not be limited to just an explanation of financial performance in the period.

The FRC has also identified instances of companies not complying with legal requirements around distributions, and companies are reminded of the need to file interim accounts to support distributions in excess of the distributable profits shown in the relevant accounts.

Revenue

Accounting policies should be provided for all significant performance obligations and should address the timing of revenue recognition, the basis for over-time recognition, and the methodology applied.

Inflationary features in contracts with customers and suppliers and the accounting for such clauses are under increased focus this year.

Alternative performance measures ('APMs')

APMs should not be presented with more prominence, emphasis or authority than measures stemming directly from the financial statements, and should be reconciled to the relevant financial statements line item.

FRC's areas of focus (cont.)

Provisions and contingencies

Companies should give clear and specific descriptions of the nature and uncertainties for material provisions or contingent liabilities, the expected timeframe and the basis for estimating the probable or possible outflow.

Inputs used in measuring provisions should be consistent in the approach to incorporating the effects of inflation, and details of related assumptions should be provided if material.

Presentation of financial statements and related disclosures

Material accounting policy information should be clearly disclosed, and additional company-specific disclosures should be provided when compliance with IFRS requirements is insufficient to adequately explain transactions.

Judgements and estimates

Economic uncertainty increases the likelihood of companies needing to make significant judgements when preparing financial statements. The FRC highlights two specific examples – going concern assessments and accounting for inflationary features in contracts – where disclosure is key.

More generally, the FRC highlights the need for disclosures to clearly distinguish between estimates with a significant risk of a material adjustment to the carrying amounts of assets/liabilities within the next year, and other sources of estimation uncertainty.

Significant estimates, and the associated disclosures should be updated at the balance sheet date. Sensitivity disclosures should be meaningful for readers, for example by sensitising the most relevant assumptions, and explaining any changes in assumption since the previous year.

Impairment of assets

Economic uncertainty may have a significant impact on impairment assessments, and this is an area where queries raised from the FRC could have been avoided by clearer disclosure.

Companies need to explain the sensitivity of recoverable amounts to changes in assumptions, especially where the range of possible outcomes has widened. This should include explanation of the effect of economic assumptions, such as reduction in customer demand and increased cost.

Inflation should be treated consistently in value in use calculations. Nominal cash flows are discounted at a nominal rate, and real cash flows are discounted at a real rate.

Lastly, the FRC stresses the importance of consistency between impairment reviews/disclosures and other disclosures in the annual report.

Thematic reviews

The FRC released six thematic reviews on corporate reporting last year, and companies are encouraged to consider the guidance in those reviews, where relevant, to enhance their financial reporting. The topics covered are:

- [TCFD disclosures and climate in the financial statements](#)
- [Judgements and estimates](#)
- [IFRS 3 Business Combinations](#)
- [Discount rates](#)
- [Deferred Tax Assets \(IAS 12\)](#)
- [Earnings per Share \(IAS 33\)](#)

2022/23 review priorities

The FRC has indicated that its 2022/23 reviews will focus on the extent to which companies' disclosures address risks and uncertainty in the challenging economic environment, including those relating to climate change. Companies need to clearly articulate the impact of these risks on their strategy, business model and viability. In particular, the FRC intends to prioritise reviews of companies operating in the following sectors:

 Travel, hospitality and leisure

 Construction materials

 Retail

 Gas, water and multi-utilities



kpmg.com/uk

Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.

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Lincolnshire Pension Fund

Report to Audit Committee, Pensions Board and Pensions Committee

Indicative Audit Plan & Strategy for the year
ending 31 March 2024

March 2024

Introduction

To: Audit Committee, Pensions Board and Pension Committee of Lincolnshire Pension Fund

We are pleased to have the opportunity to meet with you to discuss our audit of the financial statements of Lincolnshire Pension Fund for the year ending 31 March 2024.

We have been appointed as your auditors by Public Sector Audit Appointments Ltd. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and in compliance with the NAO Code of Audit Practice. The NAO is consulting on a new Code of Audit Practice for 2023/24, therefore this indicative plan will remain draft until the finalisation of that Code.

This report outlines our initial risk assessment and planned audit approach. Our planning activities, including review of the outgoing auditor's audit file are still ongoing and we will communicate a final audit plan once these areas are complete.

We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

Contents	Page
Indicative risk assessment	3
Fees	4
Independence	5

The engagement team

Rashpal Khangura is the engagement director on the audit. He has over 20 years experience in public sector audit.

Rashpal Khangura shall lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include engagement manager Mehul Aggarwal and in-charge M. Muhammad with 8 years and 4 years of experience respectively.

Yours sincerely,

RS Khangura

Rashpal Khangura

Director - KPMG LLP

21 March 2024

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner. We aim to complete all audit work no later than 2 days before audit signing. As you are aware, we will not issue our audit opinion until we have completed all relevant procedures, including audit documentation.

Restrictions on distribution

This report is intended solely for the information of those charged with governance of Lincolnshire Pension Fund and the report is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

Lincolnshire Pension Fund - Indicative Risk Assessment

The risk assessment outlined is based on our initial discussions with Fund officers and our preliminary audit procedures.

Our planning activities are still ongoing and we will communicate our audit approach in full as part of our Audit Strategy Memorandum once our risk assessment activities have reached an appropriate stage.

We have determined a single figure for materiality which we will apply to both the Net Asset Statement and Fund Account. This figures disclosed here in respect of materiality are based on the audited financial statements for the FY 2022/23 available on the Authority website. We will reassess materiality on receipt of the draft 2023/24 financial statements.

Materiality



Materiality for the financial statements as a whole	£30.6m 1% of total assets
Procedure designed to detect individual errors at this level	£19.8m
Misstatements reported to the Audit and Governance Committee	£1.5m

Risks	KPMG's response
Management override of controls	<ul style="list-style-type: none"> Professional standards require us to communicate the fraud risk from management override of controls as significant. Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We have not identified any specific additional risks of management override relating to this audit.
Contributions	<ul style="list-style-type: none"> Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. Revenue in a pension fund equates to contributions. This revenue is recognized based on specific instructions as set out in the appropriate regulations and schedules. There are no subjective issues concerning when contributions need to be recognized. Amounts involved cannot easily be manipulated through accounting policies, issue of credit notes, timing or other policies. There is little incentive for the Fund management to manipulate the financial reporting of contributions. Therefore, in the absence of specific fraud risk factors, the presumption that fraudulent revenue recognition is a significant risk is rebutted for pension fund audits.
Investments	<ul style="list-style-type: none"> Investments are held to pay benefits of the Fund. They are held with multiple investment managers across a number of asset classes with most in the form of pooled investment vehicles. The investments are material to the financial statements and therefore there is a risk of material misstatement, particularly around their completeness, accuracy, existence and valuation. We do not expect the risk in respect of the valuation of investments to be significant due to the availability of external prices of quoted instruments, and NAV statements and audited financial statements of pooled investment funds. We are however yet to assess individual pooled funds in order to ascertain whether there is any material estimate uncertainty in the valuations.
Cash	<ul style="list-style-type: none"> The majority of the fund's transactions affect the cash balance. The balance of cash and cash equivalents are usually material to the financial statements and therefore there is a risk of material misstatement, particularly around their completeness, accuracy and existence.
Actuarial Present Value Of Promised Retirement Benefits	<ul style="list-style-type: none"> The value of the liability is an estimate involving the selection of appropriate actuarial assumptions, most notably the discount rate based on scheme's duration, inflation rates and mortality rates. The selection of these assumptions is inherently subjective.
General Ledger migration	<ul style="list-style-type: none"> The Council migrated its general ledger software as at the 1st of April 2023. This migration poses a risk of incomplete or inaccurate data having been migrated over and therefore a risk of there being inaccurate ledger balances and inaccurate preparation of the year-end financial statements. As the timing of the migration was during the financial year, there is also an increased risk relating to the control environment as different processes will have in operation before and after the migration.

Fees

Audit fee

Our fees for the year ending 31 March 2024 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2023/24 (£'000)	2022/23 (£'000) *
Statutory audit	83	29
TOTAL	83	29

**fee charged by Mazars LLP - your predecessor auditor.*

As per PSAA's Scale Fees Consultation, the fees do not include new requirements of ISA315 revised (risk of material misstatement); or ISA 240 (auditor's responsibilities relating to fraud). Additional fees in relation to these areas will be subject to the fees variation process as outlined by the PSAA.

Billing arrangements

Fees will be billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

Basis of fee information

Our fees are subject to the following assumptions:

- The entity's audit evidence files are completed to an appropriate standard

(we will liaise with you separately on this);

- Draft statutory accounts are presented to us for audit subject to audit and tax adjustments;
- Supporting schedules to figures in the accounts are supplied;
- The entity's audit evidence files are completed to an appropriate standard (we will liaise with management separately on this);
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

Any variations to the above plan will be subject to the PSAA fee variation process.

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.

To the Audit Committee, Pensions Board Pension Committee members

Assessment of our objectivity and independence as auditor of Lincolnshire Pension Fund

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

There are no non-audit services applicable.

Confirmation of Independence (cont.)

Summary of fees

We have considered the fees charged by us to the Pension Fund and its affiliates for professional services provided by us during the reporting period.

Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0.0: 1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2023/24
	£'000
Statutory audit	83
Other Assurance Services	0
Total Fees	83

Application of the FRC Ethical Standard 2019

We communicated to you previously the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 21 March 2024 we were not providing any non-audit or additional services that required to be grandfathered.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the director and audit staff is not impaired.

This report is intended solely for the information of the Audit Committee of the Council, Pensions Board and Pensions Committee and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

Rashpal Khangura

KPMG LLP



kpmg.com/uk

Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.

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**Open Report on behalf of Andrew Crookham,
Deputy Chief Executive & Executive Director - Resources**

Report to:	Audit Committee
Date:	25 March 2024
Subject:	Statement of Accounts 2023/24 – Accounting Policies

Summary:

This report summarises:

- Changes to the Code of Practice on Local Authority Accounting which will be incorporated into the 2023/24 Statement of Accounts for Lincolnshire County Council and the Lincolnshire Pension Fund;
- The broad requirements of the Accounts and Audit Regulations 2015, and reporting timescales;
- The review of the Council's Accounting Policies for both the main financial statements and the Lincolnshire Pension Fund statements;
- An overview of the timeline proposed by the Chartered Institute of Public Finance and Accountancy for resolving the current issues with reporting and local audit.

Recommendation(s):

The Executive Director of Resources asks the Members of the Audit Committee to:

- (1) Note the changes required to the Statement of Accounts from the Code of Practice 2023/24;
- (2) Note the deadlines of 31 May 2024 for the preparation of draft accounts, and 30 September 2024 for publication of the audited Statement of Accounts 2023/24;
- (3) Approve the Statement of Accounting Policies (Appendix A) to use in preparing the Council's accounts for the financial year ending 31 March 2024.
- (4) Approve the Statement of Accounting Policies (Appendix B) to use in preparing

the Local Government Pension Scheme (LGPS) Pension Fund accounts for the financial year ending 31 March 2024.

(5) Note the timeline for reset, recovery and reform provided by the Chartered Institute of Finance and Accountancy (Appendix C).

(6) Note the contents of the final audit fees 2022/23 published by Mazars (Appendix D).

1. Background

1.1 The Council is required to prepare its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting in United Kingdom 2023/24 (the Code). This ensures the accounts are prepared using "proper accounting practice". The Council is also required to comply with the Accounts and Audit Regulations 2015 in preparing, submitting for audit, and publishing its accounts.

Changes to the Code of Practice on Local Authority Accounting for 2023/24: Lincolnshire County Council

1.2 The Code of Practice for 2023/24 has introduced some revisions and clarifications to the accounting requirements for the 2023/24 Statement of Accounts. For the main accounts, the key items are:

a) It is confirmed again that the provisions of IFRS 16 Leases must be implemented by local authorities in 2024/25. It is recognised that some authorities may wish to adopt the standard earlier, and a new guidance document covering the accounting requirements of IFRS16 has been published by CIPFA alongside the Code of Practice 2023/24. We intend to adopt the leasing standard from April 2024.

b) The Code confirms that the accounting treatment and disclosures required for infrastructure assets are currently provided in CIPFA Bulletin 12 – Accounting for Infrastructure Assets – Temporary Solution and this bulletin should be read alongside the Code guidance notes for local authorities with material infrastructure assets. The temporary solution, which allows us to omit the disclosure of gross value and accumulated depreciation of infrastructure assets, and also allows us to not account for the derecognition of replaced components for infrastructure assets where there is insufficient evidence to support the transaction, has been adopted as advised by our auditors. The temporary solution can be applied to our 2023/24 accounts and the code requires that additional information is provided to explain our rationale for this decision.

1.3 International Accounting Standard 8 “Accounting Policies, Changes to Accounting Estimates and Errors” has been amended to add in the definition of an accounting

estimate, which was previously not in the standard. Accounting estimates are now defined as, “monetary amounts in financial statements that are subject to measurement uncertainty”.

1.4 International Accounting Standard 1 “Presentation of Financial Statements” has been amended to now require organisations to disclose their material accounting policy information rather than their significant accounting policies. Material accounting policy information is further explained as expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. As explained in paragraph 1.12 below, we consider materiality when selecting accounting policies and the information contained within them, for disclosure in the accounts.

1.5 There will also be changes in accounting standards in the future, which may impact on the Council in the 2024/25 accounts. The Chartered Institute of Public Finance and Accountancy (CIPFA) is expected to publish a bulletin which will interpret any future changes in accounting standards for the public sector. Once this is available, the impacts will be assessed and included in the 2023/24 Accounts in the disclosure notes for Accounting Standards that have been Issued but have not yet been Adopted (note 1 of the main accounts and note 2 of the Pension Fund accounts).

Accounts and Audit Regulations 2015

1.6 The Accounts and Audit Regulations 2015 set out the requirements for local authorities to prepare an annual statement of accounts, to publish such accounts and to have those accounts audited. The regulations also allow for the statement of accounts to be inspected by members of the public within a certain timeframe.

1.7 The timescales for this year are as follows:

- The deadline for preparing draft accounts is 31 May for the 2023/24 accounts.
- The deadline for publishing audited accounts is 30 September for the 2023/24 accounts.

1.8 We are planning to present the draft Statement of Accounts 2023/24 to the Audit Committee on 17 June 2024 alongside a training session on the accounts.

Statement of Accounting Policies

1.9 An important section of the published accounts is the statement of accounting policies. This summarises the rules and codes of practice used to prepare the accounts, together with any estimation techniques adopted. The policies for the Council's main financial statements have been reviewed and are attached at **Appendix A** for consideration and approval by this Committee. The policies for the Council's LGPS Pension Fund financial statements have been reviewed and are attached at **Appendix B** for consideration and approval by this Committee.

- 1.10 There are no changes to the accounting policies for 2023/24 which impact on the main accounts and the existing accounting policies are shown in **Appendix A**. Our accounting policies are reviewed annually and where transactions and balances are not deemed as material for 2023/24, the relevant policy will be removed to streamline our Statement of Accounts. The concept of materiality is also considered annually so we can reinstate any accounting policies that become material on a year by year basis.
- 1.11 There are no changes to the Code of Practice for 2023/24 which will have an impact on the Pension Fund Accounts, so no changes have been made to our accounting policies. The existing accounting policies are shown in **Appendix B**.
- 1.12 The implementation of the International financial Reporting Standards (IFRS) 16 Leases from April 2024 will not impact on our Accounting Policies for 2023/24 accounts but will need to be fully adopted into our accounting policies for our 2024/25 Statement of Accounts. We plan to liaise with External Audit to confirm that they have no issues with the changes proposed before they are adopted.

Proposals for Reset, Recovery and Reform of the Arrangements for Local Accounts and Audit

- 1.13 CIPFA has recently consulted on proposed short term measures in the code of Practice on Local Authority Accounting for English-only authorities to aid the recovery of local authority reporting and audit. The timeline for the reset, recovery and reform are shown in **Appendix C**.
- 1.14 The Department of Levelling Up, Housing and Communities (DLUHC) has sought views on changes aimed at addressing the local audit backlog including introducing “backstop dates” for the publication of audited accounts. The “backstop date” proposed is 30th September 2024, by which point local bodies would publish audited accounts for all outstanding years up to and including 2022/23. As the Council’s 2022/23 accounts were signed off in December 2023, these proposals will not impact on the Council.

Audit Fees and completion

- 1.15 At the audit committee on the 26th January 2024, we shared the External Auditors (Mazars) Annual Audit report for 2022/23. As set out in their external audit strategy, the report included the auditor’s fees for their audit of the 2021/22 and 2022/23 accounts. At the time of publishing the report, the final fee charges for 2022/23 were still being agreed with the council, so were not published. These fees have now been approved and Mazars have provided an update and their finalised audit fees. These fees are presented in Appendix D and set out the core fees and additional fees payable by the council for the work approved and undertaken by Mazars to align with the requirements of the NAO Code of Practice. The fees set out for 2023/24 in this appendix, relate to the scale fee agreed through the PSAA audit arrangement and contract with KPMG.

2. Conclusion

- 2.1 The amended accounting requirements, disclosures and timescales, as required by the Code of Practice and the Audit and Accounts Regulations will be incorporated into the Statement of Accounts for 2023/24.
- 2.2 The Statement of Accounts will be prepared using the Accounting Policies approved by the Audit Committee at this meeting.

3. Consultation

a) Risks and Impact Analysis

N/A

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Statement of Accounting Policies for LCC financial statements 2023/24
Appendix B	Statement of Accounting Policies for LGPS Pension Fund financial statements 2023/24
Appendix C	CIPFA timeline of Reset Recovery and Reform
Appendix D	LCC Finalised audit fees 2022/23

5. Background Papers

Document title	Where the document can be viewed
CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24	Executive Director of Resources

This report was written by Michelle Grady, who can be contacted on 01522 553235 or michelle.grady@lincolnshire.gov.uk.

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Lincolnshire Statement of Accounting Policies 2023/24

1. General Principles and Concepts.

The Statement of Accounts summarises the Council's transactions for the financial year 2023/24 and the position at the year ended 31 March 2024. The Statement of Accounts has been prepared in accordance with the Accounts and Audit Regulations 2015. These regulations require the accounts to be prepared in accordance with proper accounting practice. These practices are set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and supported by International Financial Reporting Standards and statutory guidance.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2. Changes in Accounting Policies.

Changes in accounting policy may arise through changes to the Code or changes instigated by the Council. For changes brought in through the Code, the Council will disclose the information required by the Code. For other changes we will disclose: the nature of the change; the reasons why; report the changes to the current period and each prior period presented and the amount of the adjustment relating to periods before those presented. If retrospective application is impracticable for a particular prior period, we will disclose the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

3. Prior period adjustments – estimates and errors.

The Code requires prior period adjustments to be made when material omissions or misstatements are identified (by amending opening balances and comparative amounts for the prior period). Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

The following disclosures will be made:

- the nature of the prior period error.
- for each prior period presented, to the extent practicable, the amount of the correction for each Financial Statement line item affected; and
- the amount of the correction at the beginning of the earliest prior period presented.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change. They do not give rise to a prior period adjustment.

4. Non-Current Assets – Property, Plant and Equipment.

Property, Plant and Equipment are assets that have a physical substance and are:

- held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- expected to be used during more than one period.

Classification

Property, Plant and Equipment is classified under the following headings in the Council's Balance Sheet:

Operational Assets:

- Land and Buildings.
- Vehicles, Plant, Furniture and Equipment.
- Infrastructure Assets; and
- Community Assets.

Non-Operational Assets:

- Surplus Assets; and
- Assets under Construction.

Infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land, which together form a single integrated highways network.

Community Assets are assets that the Council intends to hold in perpetuity, that have no determinable useful life, and which may, in addition, have restrictions on their disposal. They largely comprise of open land. They are classified as operational assets in that their use provides or supports the relevant services of the Council. Community Assets include, for example, countryside parks and beaches and sandhills.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The authority does not capitalise borrowing costs incurred while assets are under construction. The cost of an asset acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the authority.

The Council has set a de minimis level of £10k for recognising Property, Plant and Equipment. This means that any item or scheme costing more than £10k must be treated as capital if the above criteria are met. This relates to initial recognition and subsequent expenditure on assets.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the capital adjustment account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

Operational Assets

- **Infrastructure Assets, Community Assets and Assets under Construction** are measured at depreciated historic cost. Where historic cost information is not known for Community Assets these have been included in the Balance Sheet at a nominal value. Highways infrastructure assets are generally measured at depreciated historical cost, however this is a modified form of historical cost – opening balances for highways Infrastructure Assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost.
- **Property Assets** – Land and Buildings are measured at current value for their service potential, which is determined as the amount that would be paid for the asset in its existing use (existing use value or EUV). Property Assets – Land and Buildings where there is no market-based evidence of fair value because of the specialist nature of the asset and because the type of asset is rarely sold, are measured at depreciated

replacement cost (DRC). Such specialised assets include schools and fire stations, as well as the building and equipment used for the Energy from Waste plant.

- **Vehicles, Plant and Equipment** are measured at current value. These are determined as having relatively short useful economic lives and/or relatively low values and historic cost is used as a proxy for current value.

Non-Operational Assets

- **Surplus Assets** are measured at fair value, which is estimated at highest and best use from a market participant's perspective. This is the price that would be received to sell an asset, or paid to transfer the liability, in an orderly transaction between market participants at the measurement date. The Council uses the assumptions that the market participants, i.e. buyers and sellers in the principal or most advantageous market, would use when pricing an asset or liability under current market conditions, including assumptions about risk. Therefore, the Council's reasons for holding a surplus asset are not relevant when measuring its fair value.
- **Assets Under Construction** which are not yet operational, are measured at historic cost. When these assets are operationally complete, they are reclassified into the appropriate asset class and valued under the adopted approach,
- **All Other Assets** – current value, determined as the amount that would be paid for the asset in its existing use (EUV).

The Council values Property, Plant and Equipment using the basis recommended by CIPFA in the Accounting Code of Practice and in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards, the RICS Valuation – Global Standards 2017 and RICS Guidance Notes.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

If an asset's carrying amount is more than its recoverable amount, the asset is described as impaired. Circumstances that indicate impairment may have occurred include:

- a significant decline in an asset's market value during the period.
- evidence of obsolescence or physical damage of an asset.
- a commitment by the Authority to undertake a significant reorganisation.
- a significant change in the statutory environment in which the Authority operates.

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance of revaluation gains for the asset in the Revaluation Reserve, or an insufficient balance in the Revaluation Reserve, or the asset is not revalued as it is measured at historic cost; the carrying amount of the asset is written down to the recoverable amount and the amount written down is charged against the relevant service line(s) in the Comprehensive Income and Expenditure Statement. This is then reversed through the Movement in Reserves Statement and charged to the Capital Adjustment Account.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Componentisation of Non-Current Assets

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has identified the following significant components within the property portfolio:

- Depreciated Replacement Cost (DRC) assets (including fire stations, schools, libraries, and museums where the building is of a specialised nature): land, structures, services, roof, and externals.

- Office Accommodation/Administrative Buildings: land; structures, services, roof, and externals.
- Other market value and existing use value assets (including economic regeneration units): land and buildings.
- Energy from Waste Plant: Civils, Mechanicals and Instrumentation, Control and Automation (for each significant part of the plant).

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- **Operational Buildings** are depreciated over their useful life. For buildings which are held at existing use value (EUV) a useful life of 40 years has been assumed. Asset lives for buildings held on a depreciated replacement cost (DRC) basis are reviewed as part of the rolling programme of revaluations and the Valuer estimates the useful life. Depreciation is charged on a straight-line basis.
- **Infrastructure Assets.** Depreciation is provided on the parts of the highways network of infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Useful lives of the various parts of the highways network are assessed by the Council's Highways Engineers using industry standards where applicable as follows:
 - 1-4 years for capital pothole filling.
 - 6-12 years for carriageway surface dressing and slurry sealing.
 - 20 years for carriageways Primary Road Network (PRN) & Non PRN.
 - 20 years for Bus infrastructure.
 - 20 years for footways/cycleways.
 - 20 years for Public Right of Way (PROW).
 - 20 years for street furniture.
 - 20 years for Traffic Management
 - 40 years for street lighting, kerbs, and drains.
 - 60 years for major road structures (i.e. sub base, underpasses).
 - Up to 120 years for bridge structures.
- Furniture and Non-Specialist Equipment is depreciated over a period of 5 years, on a straight line basis.

- Vehicles, Plant, and Specialist Equipment (including computing equipment) are depreciated over their estimated useful lives. Currently these vary depending on the nature of the asset, from 3 years to up to 25 years for solar panels.
- Land, Property and Equipment associated with the Energy from Waste Plant are depreciated over their estimated useful lives. These range from 70 years for civils (including building structures) to 10 years for instrumentation, control and automation (ICA) assets.
- Surplus Assets are depreciated in line with the relevant operational asset class.
- No depreciation is charged on Land or on Assets Under Construction.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the revaluation reserve to the capital adjustment account.

Depreciation of an asset begins the year the asset becomes available for use. The charge is for 6 months in the first year, for twelve months every year thereafter and ceases when the asset has been derecognised. There is a full year's depreciation in the year of disposal.

Disposals and Non-Current Assets held for sale.

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale; and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e.

netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10k are categorised as capital receipts. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment (or set aside to reduce the authority's underlying need to borrow). Receipts are appropriated to the Capital Receipts Reserve from the General Fund balance in the Movement in Reserves Statement. It is Council policy to utilise these receipts to fund the capital programme in the year they are received or to carry them forward to be used in future years, subject to the flexibility described in the next paragraph. Disposal proceeds below £10k are credited to the Comprehensive Income and Expenditure Statement.

Under a Direction issued pursuant to sections 16 and 20 of the Local Government Act 2003, capital receipts can also be used to fund revenue expenditure that is designed to generate on-going revenue savings or transform services to reduce costs and is properly incurred for the financial years commencing on 1 April 2016, 2017 and 2018. The Local Government Finance Settlement for 2018/19 announced a continuation of these rules for a further 3 financial years that begin on 1 April 2019, 2020 and 2021. There is a further 3 years extension from 2023/24. The Council did not use this flexibility in 2020/21, 2021/22 or 2022/23 i.e. capital receipts have not been applied to fund revenue transformation expenditure in these years.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

[Derecognition associated with asset enhancements.](#)

When capital expenditure occurs on an existing asset the element of the asset being replaced must be derecognised. Where the original value of the asset being replaced is not known the value of the replacement will be used as a proxy and indexed back to an original cost with reference to the asset's remaining life. De-recognition costs will be charged to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement (gain or loss on the disposal of non-current assets).

[Derecognition associated with fully depreciated assets measured at historic cost.](#)

For assets subject to depreciation which are carried at historic cost e.g. Equipment, de-recognition takes place in the year after an asset has been fully depreciated. This represents the end of an asset's useful life.

Ordinarily, Infrastructure Assets components of the highways network are derecognised in the year following the year in which they reach the end of their useful economic lives. At this point the carrying amount in the Balance Sheet is nil as the components are fully

depreciated. When a component of the network is disposed of or decommissioned before the end of its useful economic life e.g. due to an impairment, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement. For Infrastructure Assets, no replacement of any part of an asset takes place before that component has reached the end of its useful life, unless there has been an impairment.

5. Intangible Assets.

Intangible assets are defined as identifiable non-financial (monetary) assets without physical substance but are controllable by the Council and expected to provide future economic or service benefits. For the Council, the most common classes of intangible assets are computer software and software licences.

a) *Recognition and Measurement.* Intangible assets are recognised when it is likely that future benefits will flow to the Council and the cost of the asset can be reliably measured. Assets that qualify as intangible assets shall be measured and carried at cost in the absence of an active market to determine fair value.

The Council has a set a de minimis level of £10k for recognising intangible assets. This means that any item or scheme costing more than £10k would be treated as capital if the above criteria are met.

b) *Subsequent Expenditure.* Costs associated with maintaining intangible assets are recognised as an expense when incurred in the Comprehensive Income and Expenditure Statement.

c) *Amortisation.* The carrying value of intangible assets with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use. The charge is for 6 months in the first year, for twelve months thereafter and ceases at the date that the asset is derecognised. There is a full year's amortisation in the year of disposal. Amortisation is charged to the relevant service area in the Comprehensive Income and Expenditure Statement.

The useful lives for intangible assets are between 1 and 7 years. Useful asset lives are determined by the ICT budget holder and reviewed and updated annually.

d) *Impairment.* On an annual basis the ICT budget holder is asked to consider if any indicators of impairment exist for intangible assets held by the Council.

06. Investment Properties

An Investment Property is defined as a property that is solely held to earn rental income or for capital appreciation or both. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Rental income received in relation to Investment Properties are credited to the Financing and Investment Income line and results in a gain for the General Fund Balance. Depreciation is not charged on Investment Properties.

- a) **Initial Recognition.** As with Property, Plant and Equipment, initial recognition is at the costs associated with the purchase.

- b) **Measurement after Recognition.** Investment Properties will be measured at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, Investment Properties are measured at highest and best use using the current market conditions and recent sales prices and other relevant information for similar assets in the local area. The fair value of Investment Property held under a lease is the lease interest in the asset.

- c) **Revaluation Gains and Losses and Disposal of Investment Properties.**
A gain or loss arising from a change in the fair value of Investment Property shall be recognised in the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. These are not permitted by statute to impact on the General Fund Balance therefore these gains or losses are reversed out of the General Fund Balance in the Movement on Reserves and posted to the Capital Adjustment Account.

07. Heritage Assets

Heritage assets are defined as assets with historical, artistic, scientific, technological, geophysical or environmental qualities; that are held and maintained principally for their contribution to knowledge and culture.

Windmills will be valued at existing use value by the Council's Valuer and where there is insufficient market data, Depreciated Replacement Value is used as a proxy. These valuations will be included on the Council's rolling programme and will be valued every 5 years.

Lincoln Castle and Temple Bruer will continue to be carried at historic cost. This is the capital expenditure on enhancements recognised since records began as the Council does not consider that a reliable valuation can be obtained for these assets. This is because of the nature of the assets held and the lack of comparable market values.

Collections include Fine Art Collection; the Tennyson Collection; Local Studies and Archive Collections; Lincolnshire Regiment, Militaria and Arms and Armour Collections; and

Agriculture Collections. The collections are relatively static, acquisitions and donations rare. When they do occur, acquisitions will be measured at cost and donations will be recognised at a valuation determined in-house. Collections will be valued based on the insurance valuations held by the Council. Insurance valuations will be reviewed and updated on an annual basis.

Heritage assets are recognised and measured (including the treatment of revaluations gains and losses) in accordance with the Council's accounting policy on non-current assets - Property, Plant and Equipment (accounting policy 4, above). However, some of the measurement rules are relaxed in relation to Heritage Assets.

Impairment and Disposals are accounted for in line with the Council's policy on non-current assets – Property, Plant and Equipment (accounting policy for Disposal of Property, Plant and Equipment and Impairment of non-current assets).

08. Assets Held for Sale

These are assets held by the Council which are planned to be disposed of. They meet the following criteria:

- the asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.
- the sale must be highly probable (with management commitment to sell and active marketing of the asset initiated).
- it must be actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale should be expected to qualify for recognition as a completed sale within one year.

Depreciation is not charged on non-current assets held for sale.

Measurement. Non-Current Assets Held for Sale are revalued immediately before reclassification to Held for Sale and then measured at the lower of carrying value and fair value, less costs to sell (fair value here is the amount that would be paid for the asset in its highest and best use, e.g. market value).

Disposal. Receipts from disposals are recognised in the Surplus or Deficit on provision of services.

Amounts in excess of £10k are categorised as capital receipts and can then only be used for new capital investment or to repay the principal of any amounts borrowed. It is Council policy to utilise these receipts to fund the capital programme in the year they are received or to carry them forward to be used in future years. These receipts are transferred from the General Fund Balance via the Movement in Reserves.

09. Donated Assets

Donated assets are non-current assets which are given to the Council at no cost or at below market value. These assets are initially recognised in the Balance Sheet at fair value. The difference between the fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally.

a) Where there are conditions associated with the asset which remain outstanding, the asset will be recognised in the Balance Sheet with a corresponding liability in the Donated Assets Accounts.

b) Where there are no conditions or the conditions have been met, the donated asset will be recognised in the Comprehensive Income and Expenditure Statement and then transferred to the Capital Adjustment Account through the Movement in Reserves Statement.

After initial recognition, donated assets are treated like all other non-current assets held by the Council and are subject to revaluation as part of the Council's rolling programme.

10. Charges to Revenue for the use of Non-Current Assets.

Service accounts and central support services are charged with a capital charge for all non-current assets used in the provision of services to record the real cost of holding non-current assets during the year. The total charge covers:

- the annual provision for depreciation, attributed to the assets used by services.
- revaluation and impairment losses on assets used by services where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible assets attributable to services.

The Council is not required to raise Council Tax to cover depreciation, impairment losses or amortisation. However, it is required to make a prudent annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. Depreciation, impairment losses and amortisation are therefore replaced by a minimum revenue provision in the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

11. Minimum Revenue Provision.

The Council makes provision for the repayment of debt in accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008. This requires the Council to set a Minimum Revenue Provision (MRP) which it considers to be prudent. The approach adopted by the Council is to use the average life method (the average life of all the Council's assets) in calculating the MRP to be charged to revenue each year.

For pre 2008 debt this is based on a standard asset life of 50 years equating to a 2% flat charge. For 2009-10 debt onwards, asset life of differing categories of assets is estimated

and a charge based on an annuity method is used for Major New Road Schemes, where the benefit of these assets are expected to increase in later years. A charge based on Equal Instalments of Principal is used for all other categories of assets. The Council does not charge MRP for Major New Road Schemes until assets have become operational.

12. Revenue Expenditure Financed through Capital under Statute.

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset in the Balance Sheet; has been charged as expenditure to the relevant service revenue account in the year.

Statutory provision reverses these charges from the Surplus or Deficit on provision of services by debiting the Capital Adjustment Account and crediting the General Fund Balance via the Movement in Reserves Statement.

13. Private Finance Initiatives (PFI) and Similar Contracts

The Council has one PFI scheme for the provision of seven separate schools across the County which is classified as a Service Concession Arrangement.

Service Concession Agreements are agreements to receive services where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the contractor. As the Council is deemed to control the services that are provided under such schemes and as ownership of the assets will pass to the Council at the end of the contract for no additional charge, the Council carries these assets used under the contracts on the Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. Assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the contractors each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- finance cost – an interest charge of 7.20% on the outstanding Balance Sheet liability, debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.
- payment towards liability – applied to write down the Balance Sheet liability towards the contractor; and
- lifecycle replacement costs – recognised as additions to Property, Plant and Equipment on the Balance Sheet.

14. Borrowing Costs.

The Council has adopted the accounting policy of expensing borrowing costs of qualifying assets to the Comprehensive Income and Expenditure Statement (disclosed within Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement) in the year in which they are incurred. This is current practice based on the fact that borrowing undertaken is not attributed to individual schemes making capitalisation of costs complex with marginal benefit.

15. Classification of Leases.

Leases are classified as a finance lease or an operating lease, depending on the extent to which risks and rewards of ownership of a leased Property, Plant and Equipment lie with the lessor (landlord) or the lessee (tenant).

IAS 17 'Leases' includes indicators for the classification of leases as a finance lease. Within these indicators the Council has set the following criteria: the 'major part' of the asset life is determined to be 75%; and 'substantially all' of the value is determined to be 75%.

- Finance Lease: A lease is classified as a finance lease when the lease arrangement transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.
- Operating Lease: All other leases are determined to be operating leases.

Where a lease covers both land and buildings, these elements are considered separately. This policy on accounting for leased assets also includes contractual arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment.

a) Finance Leases

i) Lessee – Vehicles, Plant & Equipment will be recognised on the Balance Sheet at cost and depreciated on a straight line basis over the term of the lease (in line with the Council's capitalisation and depreciation policy for vehicles, plant and equipment).

ii) Lessee – Property will be recognised on the Balance Sheet at an amount equal to the fair value of the property, or if lower, the present value of the minimum lease payments, determined at the inception of the lease.

The asset recognised is matched by a liability representing the obligation to pay the lessor. This is reduced as lease payments are made. Minimum lease payments are to be apportioned between the finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement) and the reduction of the deferred liability in the Balance Sheet.

Statutory provision reverses the finance charge, depreciation and any impairment or revaluation from the Comprehensive Income and Expenditure Statement to the Capital Adjustment Account through the Movement in Reserves statement. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements.

iii) Lessor – Property. When a finance lease is granted on a property, the relevant assets are written out of the Balance Sheet to gain or loss on disposal of assets in the Other Operating Expenditure line of the Comprehensive Income and Expenditure Statement. A gain is also recognised on the same line in the Comprehensive Income and Expenditure Statement to represent the Council's net investment in the lease. This is matched by a lease asset set up in long term debtors in the Balance Sheet. The lease payments are apportioned between repayment of principal written down against the lease debtor and finance income (credited to the Finance and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Initial direct costs are included in the initial measurement of the debtor and recognised as an expense over the lease term on the same basis as the income.

Rental income from finance leases entered into after 1 April 2010 will be treated as a capital receipt and removed from the General Fund Balance to capital receipts via the Movement in Reserves Statement.

The write off value of disposals is not a charge against council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance via the Movement in Reserves Statement.

b) Operating Leases

i) Lessee – Property, Vehicles, Plant & Equipment will be treated as revenue expenditure in the service revenue accounts in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease.

ii) Lessor – Property, Vehicles, Plant & Equipment shall be retained as an asset on the Balance Sheet. Rental income is recognised on a straight line basis over the lease term, credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

c) Investment Property Leases (Lessee).

In line with IAS 40 'Investment Properties' any lease which is assessed to be an Investment Property will be treated as if it was a finance lease. The fair value of the lease interest is used for the asset recognised. Separate measurement of land and buildings elements is not required when the leases are classified as an Investment Property.

16. Government Grants and Contributions.

Government grants and contributions may be received on account, by instalments or in arrears. However, they should be recognised in the Comprehensive Income and Expenditure Statement as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments. Conditions are stipulations that specify how the future economic benefits or service potential embodied in the grant or contribution must be consumed, otherwise the grant or contribution will have to be returned to the awarding body; and

- The grant or contribution will be received.

Grants and contributions received where the conditions have not yet been satisfied are carried in the Balance Sheet as creditors and are not credited to the Comprehensive Income and Expenditure Statement until the conditions are met.

Capital Grants and Contributions (non-current assets)

Capital grants and contributions are used for the acquisition of non-current assets. The treatment of these grants is as follows:

- Capital grants where no conditions are attached to the grant and the expenditure has been incurred. The income will be recognised immediately in Comprehensive Income and Expenditure Statement in the taxation and non-specific grant income line. Capital grant income is not a proper charge to the General Fund. It is accounted for through the Capital Financing Requirement (set out in statute) and therefore it does not have an effect on council tax. To reflect this, the income is credited to the Capital Adjustment Account through the Movement in Reserves Statement.
- Capital grants where the conditions have not been met at the Balance Sheet date. The grant will be recognised as a Capital Grant Receipt in Advance in the liabilities section of the Balance Sheet. When the conditions have been met, the grant will be recognised as income in the Comprehensive Income and Expenditure Statement and the appropriate statutory accounting requirements for capital grants applied.
- Capital grants where no conditions remain outstanding at the Balance Sheet date, but expenditure has not been incurred. The income will be recognised immediately in the Taxation and Non Specific Grant Income line of the Comprehensive Income and Expenditure Statement. As the expenditure being financed from the grant has not been incurred at the Balance Sheet date, the grant will be transferred to the Capital Grants Unapplied Account (within usable reserves section of the Balance Sheet), through the Movement in Reserves Statement. When the expenditure is incurred, the grant shall be transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account to reflect the application of capital resources to finance expenditure.

Revenue Government Grants and Contributions

Government grants and other contributions are accounted for on an accruals basis and recognised in the Comprehensive Income and Expenditure Statement when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. Where the conditions have not been met, these grants will be held as creditors on the Balance Sheet.

Specific revenue grants are included in the specific service expenditure accounts together with the service expenditure to which they relate. Grants which cover general expenditure (e.g. Revenue Support Grant) are credited to the Taxation and Non-specific Grant Income in the Comprehensive Income and Expenditure Statement after Net Cost of Services.

17. Debtors

Debtors are recognised in the accounts when the ordered goods or services have been delivered or rendered by the Council in the financial year, but the income has not yet been received.

Debtors are initially recognised and measured at fair value of the consideration payable in the accounts. Most debtors are considered to be contractual and these are then subsequently measured at amortised cost.

If settlement is over a year this is accounted for as long term debtor. When considering the amortised cost of long term debtors, the Council has set a £50k de minimis limit. Below this amount, the carrying value of the long term debtor will be used as a proxy for amortised cost.

For estimated manual debtors, a de minimis level of £25k for individual revenue items and £50k for capital items is set.

18. Creditors

Creditors are recorded where goods or services have been supplied to the Council by 31 March, but payment is not made until the following financial year.

Creditors are initially recognised and measured at fair value in the accounts. If payment is deferred to over a year, this is accounted for as a long term creditor. When considering the amortised cost of long term creditors, the Council has set a £50k de minimis limit. Below this amount, the carrying value of the long term creditors will be used as a proxy for amortised cost.

For estimated manual creditors, a de minimis level of £25k for individual revenue items and £50k for capital items is set.

19. Inventories

Inventory assets include and will be carried at the following values:

- Materials or supplies to be consumed or distributed in the rendering of services (e.g. highways salt). These are carried at the lower of cost (calculated as an average price) or current replacement cost (at the Balance Sheet date for an equivalent quantity); and
- Held for sale or distribution in the ordinary course of operations are carried at the lower of cost or net realisable value.

The Council has set a de minimis level for recognising inventories of £100k. Inventory balances below this level are not recorded on the Balance Sheet.

20. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash Equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. The Council will classify these as follows:

- Instant Access Deposit Accounts or Overnight Bank Facilities set up for the purpose of meeting short term liquidity requirements and whose return (if any) does not make up the Average Yield Return on Investments, are to be classed as Cash Equivalents.
- Overnight Fixed Deposits, Deposit Based Bank Accounts and Net Asset Value Money Market Funds held for investment purposes for the returns offered, which make up the Councils Average Yield Return on its Investments, are to be classed as Short Term Investments.

Bank Overdrafts are to be shown separately from Cash and Cash Equivalents where they are not an integral part of an Authority's cash management. Where a bank overdraft is assessed as part of the Council's cash management it will be included within Cash and Cash Equivalents.

21. Provisions

The Council sets aside provisions for future expenses where:

- a past event has created a current obligation (legal or constructive) to transfer economic benefit.
- it is probable that an outflow of economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation

Provisions are charged to relevant revenue service account in the Comprehensive Income and Expenditure Statement in the year the Council has an obligation. When the obligation is settled, the costs are charged to the provision set up in the Balance Sheet. When payments are eventually made they are charged against the provision carried in the Balance Sheet.

Provisions contained within the Balance Sheet are split between current liabilities (those which are estimated to be settled within the next 12 months) and non-current liabilities (those which are estimated to be settled in a period greater than 12 months).

Provisions are recognised and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

22. Contingent Liabilities

A contingent liability is where there is a possible obligation to transfer economic benefit resulting from a past event, but the possible obligation will only be confirmed by the occurrence or non-occurrence of one or more events in the future. These events may not wholly be within the control of the Council. The Council discloses these obligations in the narrative notes to the accounts.

These amounts are not recorded in the Council's accounts because:

- it is not probable that an outflow of economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability at the year end.

The Council has set a de minimis level for disclosing Contingent Liabilities of £500k.

23. Contingent Assets

A contingent asset is where there is a possible transfer of economic benefit to the Council from a past event, but the possible transfer will only be confirmed by the occurrence or non-occurrence of one or more events in the future. These events may not wholly be within the control of the Council. The Council discloses these rights in the narrative notes to the accounts.

The Council has set a de-minimis level for disclosing Contingent Assets of £500k.

24. Events after the Reporting Date

These are events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. The Council will report these in the following way if it is determined that the event has had a material effect on the Council's financial position:

- Events which provide evidence of conditions that existed at the end of the reporting period will be adjusted and included within the figures in the accounts; and
- Events that are indicative of conditions that arose after the reporting period will be reported in the narrative notes to the accounts.

Events which take place after the authorised for issue date are not reflected in the Statement of Accounts.

25. Recognition of Revenue (Income).

Revenue is accounted for in the year it takes place, not simply when cash payments are received. The Council recognises revenue from contracts with service recipients, whether for services or the provision of goods, when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligation in the contract.

Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

26. Exceptional Items

Exceptional items are material amounts of income or expenditure which occur infrequently in the course of the Council's normal business and are not expected to arise at regular intervals. When these items of income or expense are material, their nature and amount will

be disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts depending on how significant the items are to an understanding of the Council's financial performance.

27. Costs of Support Services.

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

28. Acquired and Discontinued Operations

Where the Council takes on new activities or ceases providing services, the costs relating to these activities will be identified in the Comprehensive Income and Expenditure Statement on the surplus or deficit on acquired and/or discontinued operations line. These items will not form part of the net cost of services in the Comprehensive Income and Expenditure Statement in the year they occur.

29. Value Added Tax (VAT).

The Council's Comprehensive Income and Expenditure Statement excludes VAT unless this is not recoverable from HM Revenue and Customs. All VAT must be passed on (where output tax exceeds input tax) or repaid (where input tax exceeds output tax) to HM Revenue and Customs. The net amount due to or from HM Revenue and Customs for VAT at the year-end shall be included as part of creditors or debtors balance.

30. Council Tax and Business Rates Income.

The collection of Council Tax and Business Rates is in substance an agency arrangement with the seven Lincolnshire District Councils (billing Authorities) collecting Council Tax and Business Rates on behalf of the Council.

The Council Tax and Business Rates income is included in the Comprehensive Income and Expenditure Statement on an accruals basis and includes the precept for the year plus the Council's share of Collection Fund surpluses and deficits from the billing Authorities.

The difference between the income reported in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund, shall be taken to the Collection Fund Adjustment Account through the Movement in Reserves Statement.

The year-end Balance Sheet includes the Council's share of debtors (arrears and collection fund surpluses, net of the impairment allowance for doubtful debts), creditors (prepayments, overpayments, and collection fund deficits), and provisions (business rate appeals).

31. Usable Reserves

Usable Reserves

The Council's general revenue balances are held in the General Fund. The Council also maintains a number of specific 'earmarked' reserves for future expenditure on either policy

purposes or to cover contingencies. When expenditure is financed from an earmarked reserve, it is charged to the relevant revenue service account in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back to the General Fund Balance via the Movement in Reserves Statement, so that there is no net charge against Council Tax.

Unusable reserves

Certain reserves are kept to maintain the accounting processes for non-current assets, financial instruments, and employee benefits. These accounts do not represent usable resources for the Council.

32. Employee Benefits – Benefits Payable during Employment.

Benefits Payable During Employment – Short Term Benefits. These are amounts expected to be paid within 12 months of the Balance Sheet date. These include:

- Salaries, wages, and expenses accrued up to the Balance Sheet date. These items are charged as an expense to the relevant service revenue account in the year the employees' services are rendered; and
- Annual leave not yet taken at the Balance Sheet date. An accrual is made for items at the wage and salary rate payable. The accrual is charged to the relevant service revenue account, but then reversed out through the Movement in Reserves Statement to the Accumulated Absences Account, so this does not have an impact on Council Tax.

Teacher Leave Accrual. The accrual for short term benefits for teachers is calculated using a standard methodology, reflecting the fact that teachers across the Council are subject to standard terms and conditions of employment. This methodology is based on the number of days of the Spring Term (both term-time and holiday) that fall within the financial year and the leave entitlement of the teacher (which varies according to whether an individual has left the teaching profession at the end of the Spring term).

Long Term Benefits. These are amounts which are payable beyond 12 months. The Council does not have any material long term benefits to be declared within the Financial Statements.

33. Termination Benefits

Employee termination benefits arise from the Council's obligation to pay redundancy costs to employees. These costs will be recognised in the Council's Financial Statements at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises the costs for a restructuring. For example, when there is a formal plan for redundancies (including the location, function and approximate number of employees affected; the termination benefits offered, and the time of implementation).

These items will be accrued in the Balance Sheet at year end and charged to the relevant service revenue account. If payments are likely to be payable in more than 12 months from

the year end, then these costs will be discounted at the rate determined by reference to market yields.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

34. Employee Benefits – Post Employment Benefits (Pensions).

The Council participates in four different pension schemes which provide scheme members with defined benefits related to pay and service. The schemes are as follows:

- **Teachers' Pension Scheme:** This is a notionally funded scheme administered nationally by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The pension contributions to be paid by the Council are determined by the Government Actuary and reviewed periodically. The scheme is accounted for as if it were a defined contribution scheme. There is no liability for future payments of benefits recognised in the Balance Sheet. All employers' contributions payable to teachers' pensions in the year are treated as expenditure on the Schools service line in the Comprehensive Income and Expenditure Statement.
- **National Health Service Pension Scheme (NHSPS):** This is a notional funded scheme administered nationally by NHS Pensions on behalf of the Department of Health and Social Care (DHSC). The pension contributions to be paid by the Council are determined by the Government Actuary and reviewed periodically. The scheme is accounted for as if it were a defined contribution scheme. There is no liability for future payments of benefits recognised in the Balance Sheet. The employer's contributions payable to the NHSPS in the year are treated as expenditure in the Children's Services and Adult Care and Community Wellbeing service lines in the Comprehensive Income and Expenditure Statement.
- **Uniformed Firefighters Pension Scheme (FPS):** From 1 April 2015, a new pension fund for Firefighters was set up. This scheme replaced the 2006 & 1992 Firefighters schemes for new Firefighters. The 2015, 2006 and 1992 schemes remain unfunded but there are differences in the contributions payable into each scheme and the benefits paid to members. Both employee and employer contributions are paid into the three funds, against which pension payments are made. Each fund is topped up by additional government funding if contributions are insufficient to meet the cost of the pension payments. Any surplus in the funds at the end of each year will be repaid back to the Home Office. Contributions in respect of ill health retirements are still the responsibility of the Council.

- **Local Government Pension Scheme (LGPS):** Other employees are eligible to join the LGPS. The Council pays contributions to a funded pension scheme from which employee pension benefits are paid out.

The pension costs included in the Statement of Accounts in respect of both the LGPS and the FPS have been prepared in accordance with IAS 19 Employee Benefits. The pension costs in respect of both the LGPS and FPS have been estimated by the Pension Fund actuary adviser and have incorporated an actual valuation of the accrued pension liabilities attributable to the Council as the scheme employer.

The Local Government Pension Scheme (LGPS)

The LGPS is accounted for as a defined benefits scheme:

- The liabilities of the Lincolnshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on long term UK Government bonds greater than 15 years.
- The assets of Lincolnshire Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid or last traded price.
 - unquoted securities – professional estimates.
 - unitised securities – current bid price.
 - property – market value.

The change in net pension's liability is analysed into the following components:

- **Service cost comprising:**
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Other Budgets.
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the

period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Lincolnshire Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

The Council also pays any costs arising in relation to unfunded elements of pensions, paid to certain employees that have retired early and have been awarded discretionary compensation under the provisions of the Council’s early retirement policy. These costs are charged to Other Budgets in the Comprehensive Income and Expenditure Statement.

35. Accounting for Schools Income, Expenditure, Assets, Liabilities and Reserves.

In Lincolnshire, Local Authority education is provided in: Foundation, Voluntary Aided, Voluntary Controlled and Community Schools (all known as ‘maintained Schools’).

Income and Expenditure - All income and expenditure relating to maintained schools in Lincolnshire is shown in the Council’s Comprehensive Income and Expenditure Statement.

Non-Current Assets - Schools non-current assets will be accounted for under IAS 16 Property, Plant and Equipment. The standard defines non-current assets as “a resource controlled by the Council as a result of a past event and from which future economic benefits or service potential is expected to flow”.

If assets are owned by the Council or the governing body of the school or the future economic benefits are identified to sit with the Council, then the non-current assets will be recorded in the Balance Sheet. Where a school transfers to Academy status and has signed a long term (125 year) lease, the school is removed from the Council's Balance Sheet.

Assets and Liabilities - All assets and liabilities, excluding non-current assets which are covered above, relating to maintained Schools are included within the Council's Balance Sheet.

Reserves - The Council maintains specific earmarked reserves for schools balances. At year end, balances from Dedicated Schools Budgets, including those held by schools under a scheme of delegation, are transferred into the reserve to be carried forward for each school to use in the next financial year. This ensures that any unspent balances at the end of the financial year are earmarked for use by those schools as required by the Council's Scheme for Financing Schools approved by the Secretary of State for Education.

Any school with an overall cumulative deficit on its Dedicated Schools Grant (DSG) must produce a management plan detailing how it will return to a balanced position in the future. Accumulated deficits must be held in a Dedicated Schools Grant adjustment account rather than being charged to the General Fund. The Dedicated Schools Grant adjustment account is an unusable reserve. There is currently no accumulated deficit relating to schools' budgets funded by the Dedicated Schools Grant.

36. Group Relationships.

The Council assesses on an annual basis, relationships with other bodies to identify the existence of any group relationships. A de minimis level of £20.000m aggregated gross turnover has been set for determining whether or not group accounts will be prepared.

The Council has not identified and does not in aggregate have any material interests in subsidiaries, associated companies or joint ventures and therefore is not required to prepare group accounts.

37. Financial Instruments.

Financial Liabilities. Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

All the Council's borrowings are carried at amortised cost and the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and the interest

charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

No repurchase has taken place as part of a restructuring of the loan portfolio that included the modification or exchange of existing instruments. Therefore, gains and losses on the repurchase or early settlement of borrowing are credited and debited to Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement and spread over future years under statutory regulation.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. Regulations state that the period to spread discounts is limited to a minimum period equal to the outstanding term on the replaced loan or 10 years if this is shorter. Premiums may be spread over the longer of the outstanding term on replaced loan or the term of the replacement loans, or a shorter period if preferred. The Council will spread premiums over the term that was remaining on the loan replaced and spread discounts in line with regulation. When matching premium and discounts together from a re-scheduling exercise, the Council's policy is to spread the gain/loss over a ten year period or the term that was remaining on the loan replaced if greater than ten years. The reconciliation of premiums/discounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund is managed by a transfer to or from the Financial Instruments Adjustment Account through the Movement in Reserves Statement.

The Council receives interest free funding from Salix Finance as part of a revolving fund to finance energy saving projects (Soft Loans Receivables). The benefit of a loan to the Council at a below-market rate of interest is treated as a grant or contribution receivable within the Comprehensive Income and Expenditure Statement. The benefit is measured as a difference between the cash actually advanced to the Council and the fair value of the loan on recognition, discounted at a comparable market rate of interest for a loan. The amortised cost of the loan in the Balance Sheet is reduced as the benefit has been stripped away. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

The Council has set a £50k de minimis limit to the value of soft loans receivable or the benefit calculated by discounting of interest rates. Below this amount the above accounting treatment for soft loans receivable is not applied and the soft loan receivable is shown in the accounts at its carrying value.

Financial Assets. Financial Assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes that financial assets are measured at:

- Amortised Cost

- Fair Value Through Profit or Loss (FVPL); and
- Fair Value Through Other Comprehensive Income (FVOCI).

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument). These types of assets will be measured at fair value.

Financial Assets Measured at Amortised Cost

Financial Assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

The following financial assets held by the Council are measured at amortised cost using an effective interest rate that takes account of other considerations attributable to the asset over its lifetime such as premiums paid, or interest forgone. Interest payable in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement will then be recognised on a smoothing effective interest rate basis over the life of the loan.

- Secondary Certificates of Deposit and Bonds - are purchased at an amount different to par and hence a price premium is usually incurred on purchase. The price of the instrument is the amortised cost at initial measurement (its fair value) debited to Investments on the Balance Sheet. This price premium is factored into the cash flows of the instrument over its life, that will result in a smoothing effective interest rate that when discounted will bring back cash flows to the price paid (initial measurement at fair value).

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally lower effective rate of interest than the rate receivable from the Instrument, with the difference serving to decrease the amortised cost of the loan in the Balance Sheet over its life.

Transaction costs paid to a custodian for purchasing these instruments are deemed as immaterial and hence charged directly to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement when incurred, not included within the amortised cost calculation of the instrument.

- Soft Loans – The Council can make loans to third parties at less than market rates (soft loans) for service objectives. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service), for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the third party recipients of the loans, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The Council has set a £50k de minimis limit to the value of soft loans or the loss calculated by the discounting of interest rates. Below this amount the above accounting treatment for soft loans is not applied and the soft loans are shown in the accounts at their carrying value.

Expected Credit Loss Model – for Assets Measured at Amortised Cost

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) that are more than 30 days past the due date, held by the Council. These are individually assessed to determine whether or not the trade receivable (debtors) are likely to default on their obligations.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Where the counterparty for a financial asset is central government or a local authority for which relevant statutory provisions prevent default, then no loss allowance is required or recognised.

Impairment losses will be charged to the Financing and Investment Income and Expenditure line in the Surplus or Deficit on the Provision of Services and credited to the Financial Assets at Amortised Cost Loss Allowance.

The Council has set a de minimis level of £25k to the resultant impairment loss for financial assets at amortised cost, below which the impairment is deemed immaterial and not recognised.

The Council has a portfolio of a different types of loans measured at amortised cost. Where possible losses have been assessed on these loans on a collective basis as the Council does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of expected losses on an individual instrument basis.

The Council has grouped the loans into the following groups for assessing loss allowances:

- Group 1 – treasury investments governed by the Council's Annual Investment Strategy for Treasury Investments. These are loans made to highly credit rated counterparties under the credit analysis followed within the Investment Strategy. As such they are deemed low risk, so the 12 month Expected Credit Loss model is used. The Historical Default Table issued by Credit Rating Agencies and provided by the Council's Treasury Advisors is used to calculate the expected 12 month impairment losses.
- Group 2 – loans or soft loans to third parties for Service Reasons. These types of loans tend to be higher risk as credit worthiness is often not the prime consideration in making the loan. They will be assessed on an individual basis taking into consideration external credit ratings, economic conditions impacting the third party, the current financial position and financial forecasts of the third party and any history of defaults or extended credit terms. Due to the high-risk nature, the lifetime Expected Credit Loss model would normally be followed for these loans (See *Note below).
- Group 3 – loans to Council owned Companies for Service Reasons. These types of loans tend to be higher risk as credit worthiness is often not the prime consideration in making the loan. They will be assessed on an individual basis taking into consideration external credit ratings, economic conditions impacting the company, the current financial position and financial forecasts of company and any history of defaults or extended credit terms. Due to the high-risk nature, the lifetime Expected Credit Loss model would normally be followed for these loans.

*Note

Where the Council makes loans to companies in financial difficulties to ensure continuation of vital services, fifty percent of the loan is thus deemed credit impaired on origination. This will mean that:

- as lifetime expected credit losses are taken into account in the cash flows used for calculating the effective interest rate, no loss allowance is needed on initial recognition.
- a loss allowance will then be built up on the basis of the cumulative change in lifetime expected credit losses since initial recognition.

- the annual impairment gain or loss will be the change in lifetime expected credit losses over the year.

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

Financial assets held by the Council that fall into this category include Constant Net Asset Value (CNAV) and Low Volatility Net Asset Value (LVNAV) Money Market Funds.

Financial assets are measured at FVPL where they fail to meet the business model and principal or interest tests of the other two classifications. For the Council, financial assets under this category meet the business model of collecting contractual cash flows, but the cash flows are not solely payments of principal or interest, for example they include dividend payments.

These funds are pooled investment funds that invest in short-term assets that aim to offer returns in line with money market rates and preserve the value of investments. They are instant access, whereby units of the fund are bought and sold, and dividends paid in accordance with daily yields returned, set at the end of each day. The Net Asset Value of these funds only vary by an insignificant amount due to changing values of the assets in the fund, therefore generally the price of the fund (fair value) will equal the carrying amount of units held.

Financial assets measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services, specifically within the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

The Council has set a de minimis level to the adjustment to fair value of £50k for financial assets measured at fair value, below which the change in fair value will not be recognised and the asset will be held on the Balance Sheet at its carrying value.

Statutory provision as defined in SI 2018/1207 means that until 31 March 2024, English Local Authorities are prohibited from charging to a revenue account fair value gains or losses, unless the gain or loss relates to impairment or the sale of the asset. Instead that amount is charged to an account established solely for the purpose of recognising fair value gains and losses. The statutory provision has been extended to 31 March 2025. This statutory override will not be applicable for CNAV/LVNAV Money Market funds as gains and losses to fair value will be zero and will not impact on the revenue account.

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model – For Assets Measured at Fair Value through Profit and Loss

The impairment requirements do not apply to financial assets classified as 'fair value through profit or loss', as current market prices are considered to be an appropriate reflection of credit risk, with all movements in fair value (including those relation to credit risk) impacting on the carrying amount being posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement as they arise.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

Financial assets are measured at FVOCI when the business model for holding the asset includes collecting contractual cash flows and selling assets. The Council does not hold any financial assets that meet this definition.

In line with the Code however, the Council has decided to designate some small equity holdings in companies held for service reasons to the category of FVOCI instead of FVPL. This designation is irrevocable and deemed to be a reliable accounting policy for these financial assets, based on the following reasons:

- The holdings are equity instruments as defined by the Code to exclude puttable shares (e.g. those where the issuer has a contractual obligation to exchange the shares for cash if the holder exercises an option for the return of their investment).
- They naturally fall into the FVPL classification of investments.
- The shares are held for a clear service benefit and not held for trading.
- Future gains or losses are expected to be insubstantial.

Assets designated at FVOCI will be carried in the Balance Sheet at Fair Value, with dividends credited to the Surplus or Deficit on the Provision of Services when the right for the Council to receive the payment is established. Movements in fair value will be credited to the Other Income and Expenditure Account and released to the General Fund. The impact on the General Fund will be removed through Movement in Reserves Statement to the Financial Instruments Revaluation Reserve. Gains or losses will be charged directly to the General Fund via the Financing and Investment Income and Expenditure in the Surplus or Deficit on the Provision of Services.

The Council has set a de minimis level to the adjustment to fair value of £50k for financial assets measured at fair value, below which the change in fair value will not be recognised and the asset will be held on the Balance sheet at its carrying value.

Expected Credit Loss Model – For Assets Measured at Fair Value through Other Comprehensive Income

The Council recognises expected credit losses on financial assets measured at FVOCI either on a 12-month or lifetime basis depending on an individual assessment of the credit risk of each financial asset as follows:

Has credit risk increased significantly since initial recognition?

- No: 12-month credit loss model.
- Yes: lifetime credit loss model.
- No information available to assess: lifetime credit loss model.

Consideration will be made to external credit ratings, economic conditions impacting the company, the current financial position and financial forecasts of company and any history of defaults or extended credit terms when assessing the credit risk of these assets.

Impairment losses will be charged to Other Comprehensive Income and Expenditure and credited to the Financial Instruments Revaluation Reserve.

Where financial assets have been designated into the FVOCI category they are outside the scope of impairment for the same reasons that FVPL assets are.

The Council has set a de minimis level of £25k to the resultant impairment loss for financial assets at FVOCI, below which the impairment is deemed immaterial and not recognised.

38. Fair Value Measurement.

Some of the Council's non-financial assets, such as surplus assets and investment properties and some of its financial instruments, are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the following takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring the fair value, the Council would use the assumptions of market participants when pricing the asset or liability whilst acting in their economic best interest.

On fair value measurement, the Council takes into account the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Council uses the appropriate valuation techniques appropriate for the asset, maximising the use of relevant observable inputs and minimising unobservable inputs.

For financial instruments measured in fair value (FVPL and FVOCI) is therefore based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

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Lincolnshire Pension Fund Significant Accounting Policies 2023/24

Fund account – revenue recognition

a. Contributions income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations using common percentage rates for all Funds which rise according to pensionable pay; and
- Employer contributions are set at the percentage rate recommended by the Fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the Fund actuary in the rates and adjustment certificate issued to the relevant employing body.

Additional employers' contributions, for example, in respect of early retirements, are accounted for in the year the event arose.

Any amount due in year but unpaid will be classed as a current financial asset.

b. Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund. They are calculated in accordance with the LGPS Regulations 2013:

- Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.
- Bulk transfers are accounted for in accordance with the terms of the transfer agreement.

c. Investment Income

i) Interest income

Interest income is recognised in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iii) Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

iv) Changes in the net market value of investments

Changes in the net market value of investments are recognised as income/expense and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items

d. Benefits payable

Pensions and lump sum benefits payable are included in the accounts at the time of payment.

e. Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as part of the overall cost of transactions (e.g. purchase price).

f. Management expenses

The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance: Accounting for Local Government Pension Scheme Management Expenses (2016), using the headings shown below. All items of expenditure are charged to the Fund on an accruals basis.

i) Administrative expenses

All costs associated with pensions administration are charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

ii) Oversight and Governance

All costs associated with the governance and oversight are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

iii) Investment management expenses

Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments.

Fees on investments where the cost is deducted at source have been included within investment expenses and an adjustment made to the change in market value of investments.

Fees for the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase and decrease as the value of the investments change.

In addition, the Fund has negotiated with Morgan Stanley Investment Management Ltd (for the Private Markets Portfolio) that an element of their fee will be performance related.

Where an investment manager's fee invoice has not been received by the financial year end, an estimate based upon the market value of their mandate is used for inclusion in the Fund accounts.

Net assets statement

g. Financial assets

All investment assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into, but not yet completed at 31 March each year are accounted for as financial instruments held at amortised cost. From this date, any gains or losses arising from changes in the fair value of the asset are recognised by the Fund and are classified as Fair Value through Profit and Loss (FVPL).

The values of investments, as shown in the net assets statement, have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Pension Fund Note 14). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Private market, infrastructure, private equity and property venture valuations are based on the most recent valuations provided by managers at the year-end date. Where more up-to-date valuations are received during the accounts preparation or audit period, their

materiality, both individually and collectively will be considered, and the accounts revised to reflect these valuations if necessary. If valuations are not produced by the manager at 31 March, then the latest available valuation is used, adjusted for purchases and sales which occur between the valuation date and 31 March.

The investment in the LGPS asset pool, Border to Coast Pensions Partnership, is also carried at fair value. This has been classified as Fair Value through Other Comprehensive Income (FVOCI) rather than FVPL as the investment is a strategic investment and not held for trading.

h. Foreign currency transactions

Dividends, distributions, interest, purchases and sales of investments in foreign currencies have been accounted for at the spot rates at the date of the transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period. Any gains or losses arising from these transactions are treated as part of the change in the value of investments in the Fund Account.

i. Derivatives

The Fund uses derivative financial instruments to manage its exposure to certain risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

Future value of forward currency contracts are based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract. The contracts are valued using Northern Trust closing spot/forward foreign exchange rates on 31 March.

j. Cash and cash equivalents

Cash comprises cash in hand, deposits and amounts held by external managers. All cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimum risk of changes in value.

k. Financial liabilities

A financial liability is recognised in the net assets statement on the date the Fund becomes legally responsible for that liability. The Fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the Fund account as part of the Change in Value of Investments.

Other financial liabilities classed as amortised cost, i.e. the amount carried in the net asset statement is the outstanding principal repayable plus accrued interest.

I. Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is formally assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. At each year end, the promised retirement benefits have been projected using a roll forward approximation from the latest formal funding valuation. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (see Pension Fund Note 18).

m. Additional voluntary contributions

The Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund has appointed Prudential as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note for information (see Pension Fund Note 21).

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Appendix C

CIPFA / LASAAC – Timeline of reset, recovery and reform

	Action	Description	Dates
1	System reset	DLUHC proposes putting a date in law (the 'backstop date') – 30 September 2024 – by which point local bodies would publish audited accounts for all outstanding years up to and including 2022/23. The backstop date is likely to be a factor in local auditors issuing a modified or disclaimed opinion on outstanding accounts if they do not have enough time to complete all audit work before that date.	30 September 2024
2	To support the 'recovery' of the system, CIPFA/LASAAC is consulting on temporary changes to the Code of Practice on Local Authority Accounting	To reduce burdens on preparers and support auditors spreading the work to rebuild assurance over multiple periods, CIPFA/LASAAC will consult on three temporary changes to the Code of Practice on Local Authority Accounting for 2023/24 and 2024/25: <ul style="list-style-type: none"> • Extending the override relating to the valuation and disclosure requirements for infrastructure assets. • Simplifying the revaluation of operational property and instead permitting the use of indexation until new requirements for revaluation of operational property are introduced in 2025/26 following HM Treasury's Thematic Review of the valuation of non-investments assets in the public sector. • Reducing the requirements for disclosures around net defined benefit pension liabilities/assets for two years to align with those in FRS 102 (UK GAAP) rather than IFRS. 	2023/24 to 2024/25
3	Non-investment assets and pensions reforms in the Code of Practice on Local Authority Accounting	CIPFA/LASAAC will continue to work with HM Treasury on how the changes following the outcome of the thematic review into the valuation of non-investment assets apply to local bodies, with the intention that they are introduced to the Code of Practice for Local Authority Accounting for 2025/26. CIPFA/LASAAC is also planning to explore further principles-based options for pensions reporting, by forming a working group with other relevant authorities to explore the best	2025/26

	Action	Description	Dates
		approach to public sector pension scheme accounting as a whole.	
4	Permanent solution for infrastructure assets	CIPFA undertook a survey in April 2023 on the Impact of the Move to Improve the Reporting of Infrastructure Assets including a (possible) move to a depreciated replacement cost measurement basis. CIPFA wanted to further understand the impact of changing the reporting of information for infrastructure assets and is developing a long-term solution for this.	Not before 1 April 2027
5	Long-term reforms to local authority financial reporting	CIPFA/LASAAC's strategic plan includes a workstream looking at long-term reforms to financial reporting based on the needs of accounts users. CIPFA is in the process of relaunching the Better Reporting Group to inform this work.	Ongoing

Source: CIPFA / LASAAC Consultation on "Code of Practice on Local Authority Accounting in the United Kingdom – short term England-only measures to aid the recovery of local authority reporting and audit"



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2 February 2024

Dear Members of the Audit Committee

Audit Completion – Finalised Audit Fees

Following on from the December meeting of the Committee, we have finalised the audit fee for the year 2021/22 and 2022/23 as set out in the table below:

Area of work	2021/22 fees (per Auditor's Annual Report)	2022/23 fees	2023/24 fees
Scale fee in respect of our work under the Code of Audit Practice	£82,640	£99,863	£289,902
Additional Testing on Property, Plant & Equipment and Defined Benefit Pensions Schemes as a result of changes in regulatory expectations	£13,940	-	
Additional testing as a result of the implementation of new auditing standards (estimates)	£4,700	£4,704	
Additional testing as a result of the implementation of new auditing standards (ISA315)	-	£11,410	
Additional testing as a result of accounting for infrastructure assets	£11,750	-	
Additional fees in respect of pension asset ceiling and revisions	-	£5,626	
Additional fees in relation to extended testing on expenditure and accruals to mitigate extrapolation errors	-	£3,197	
Additional work in respect of the pension triennial valuation	£6,500	-	
Additional work as a result of the new Code of Audit Practice and VFM reporting	£14,000	£12,675	
Total fees	£133,530	£137,475	£289,902
<i>Fee variation</i>	<i>£50,890</i>	<i>£37,612</i>	

The Council received £42,601 of grant funding to meet rising audit costs.

If you wish to discuss these or any other points, then please do not hesitate to contact me.

Yours sincerely,

Mark Surrige, Key Audit Partner
Mazars LLP

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Open Report on behalf of Andrew Crookham, Deputy Chief Executive & Executive Director - Resources

Report to:	Audit Committee
Date:	25 March 2024
Subject:	Risk Management Annual Report

Summary:

The Committee is responsible for overseeing the effectiveness of the Council's risk management arrangements, challenging risk information and escalating issues to the Executive.

The Committee needs to gain assurance over the effectiveness of systems and processes in place to enable decision makers to understand the level of risk being taken and that the Council is prepared to accept. The Committee has responsibility to monitor effective development and operation of risk management and corporate governance across the Council.

This report assists the Committee in fulfilling that role, by providing an update on how well the Council's strategic risks are being managed along with a summary of key objectives achieved in the past year.

Recommendation(s):

That the Committee notes the current status of the strategic risks facing the Council seeking assurance over the adequacy of the Council's governance of risk, and control environment; and makes recommendations on any further scrutiny requirements or actions.

That the Committee notes the objectives achieved this year and those planned for the future and makes any recommendations for any further actions required.

1. Background

- 1.1 In accordance with the risk management strategy and to ensure effective monitoring, all the strategic risks have been reviewed with risk owners and assurances obtained relating to their management.

- 1.2 As part of the review process 2 new risks have been identified. The risk relating to Lincolnshire Fire and Rescue was initially introduced in the combined risk report, presented in February 2024. The second new risk relates to the increase in extreme weather events. Currently controls are predominantly new and developing as the understanding of the risk improves. As the impact of the controls progress, it is likely that the controls will become measured and further controls can be developed.
2. Two risks previously on the register are now considered to be able to be removed from the strategic risk register due to the effective mitigation of the controls put in place. These are the risk relating to the Serco contract and the inflation risk.

1.3 All risks have now been updated in accordance with the new risk matrix.

1.4 All service areas now have risk registers demonstrating the continued improvements in embedding risk management across the whole organisation supported by training provided and updating processes following feedback received.

2. Conclusion

2.1 The Council's strategic risks continue to be managed pro-actively.

2.2 There is a strong level of awareness around both current and emerging risks, with action being taken appropriately. This is demonstrated through the changes to some of the risks within the strategic risk register.

2.3 To maintain high levels of assurance, all risks, strategic and operational need to be regularly reviewed by the risk owners and updates provided.

2.4 To progress and further strengthen our approach to risk management, the team's next steps will include a focus on risk capacity as well as a review and possible re-visit of the current risk appetite.

3. Consultation

a) Risks and Impact Analysis

N/A

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Risk Management Annual Report
Appendix B	Strategic Risk Register
Appendix C	Strategic Risk Register (EXEMPT) <i>This appendix is not for publication by virtue of paragraph 3 of part I of Schedule 12A of the Local Government Act 1972.</i>
Appendix D	Risk Matrix and Assurance Statements

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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Risk Management

Annual Report

March 2024

Table of contents

Introduction	3
Key Messages	3
Strategic Risk Register	4
Risk Management Audit Action Plan	7
Sharpcloud - Risk Management Software	7
Service and Directorate Risk Management Activity	7
Combined Risk Report	8
External Risk Management Work	8
Feedback	8
Horizon Scanning	8
The Next 12 Months	9
Appendices	
Appendix B – Strategic Risk Register	
Appendix B1 – Exempt Item	
Appendix C – Risk Matrix and Assurance Statements	

Introduction

The purpose of this report is to provide an update on:

- Progress towards developing a culture of being 'Creative & Aware of Risk', in line with the agreed risk appetite.
- The key strategic risks facing the Council.
- The objectives achieved during 2023/2024 and the planned objectives for 2024/2025 & assurance on the effectiveness of the Council's risk management arrangements.

**The Council wishes to be creative and open to considering all potential delivery options, with well measured risk taking whilst being aware of the impact of its key decisions*

Key Messages

The strategic risks are managed and monitored pro-actively. During this strategic risk review, two new risks have been identified.

Lincolnshire Fire and Rescue (LFR) control room risk, initially introduced in the combined risk report (presented February '24) and the increase in extreme weather events. This is a newly identified risk requiring further work to develop the risk wording and the developing controls which will become measurable as mitigations develop.

During the quarterly review, risks have been updated in accordance with the new risk matrix (Appendix C)

Strategic Risk Register Updates

- Market Supply, Adults – this risk now includes the market supply risk within Children's social care and Children's high needs education and now includes the current market challenges faced by both Children's Services and Adult Care and Community Wellbeing. Work identified common control themes across the areas providing a mixed assurance level. Adults market supply has an adequate assurance with Children's having a limited assurance. This provided a combined overall limited assurance for the multi-directorate risk to reflect the volatility of the current market.
- LFR control room – a new risk added due to the potential impacts on community safety, statutory duties, financial costs and resilience, from losing the command and control function within LFR and the tight period in which to procure, implement and transition to the new function. The risk is deemed as limited. Due to being at the beginning of the implementation phase of the project. This risk is monitored monthly due to its rapidly changing nature and the dependency links to the initial procurement which has been determined as successfully completed.
- Extreme Weather events – a new risk with a focus on ensuring the Council has capacity and resilience to respond to extreme weather events, these events may cause a significant impact on the public and the Council. The two recent flood events are evidence of the impacts and increasing likelihood from extreme weather events. Further examples may be prolonged high temperatures, high wind speeds and drought

conditions. This risk has a limited assurance. New controls are being implemented which require further assessment to determine their impact.

- Serco Contract – This risk has been reviewed and the remaining elements of the Serco contract are of a lower risk impact. Risks arising from the transition of contract elements into the Council, will be reported into directorate risk registers. The serco contract strategic risk will now be removed.

- Inflation – Inflation is now at a level whereby it can be considered within the budget risk as BAU, therefore the inflation risk will now be removed as a separate stand alone risk.

- Extreme Weather Events – A further risk is under consideration, this will be completed by the final report or a verbal update will be provided to the committee.

Strategic Risk Register Overview

September 2023	March 2024
Safeguarding Children Substantial Assurance	Substantial Assurance Substantial assurance of the management of this risk with refreshed controls added.
Safeguarding Adults Substantial Assurance	Substantial Assurance Substantial assurance around this risk with an action plan in place following the CQC (Care Quality Commission) inspection which was recently completed.
Resilience – Business Continuity Substantial Assurance	Adequate Assurance The assurance level is now utilising the new assurance statements; the adequate assurance aligns with the recent audit completed within the service. An action plan is now in place to complete actions arising from the audit.
Transformation Programme Substantial Assurance	Substantial Assurance The assurance level remains substantial. The risk description has been improved to provide additional detail of the risk. This has improved scoring using the new matrix. The new scoring demonstrates the lower level of risk within the current projects on the transformation programme.

Budget – LCC	
Substantial Assurance	Adequate Assurance The risk description has been reworded to provide more information on the risk and cause. The assurance level has been realigned to adequate from substantial. This highlights the challenges in future budgets and in predicting future funding.
Inflation	
Substantial Assurance	This risk has been removed as a strategic risk on this review as it now forms part of business as usual. Directorate and service level inflation risks will be reported in appropriate risk registers.
Sercos Contract	
Substantial Assurance	This risk has improved since the last review, with a lower level of risk due to the insourcing of multiple functions of the Sercos contract. This risk will now be removed from the strategic risk register. Directorate and service risks arising from internal changes will be monitored using appropriate risk registers unless strategic in nature.
Outstanding Debt	
Substantial Assurance	Substantial Assurance The score for this risk has lowered to a moderate impact, this was attributed to the lower amount of outstanding debt and well performing processes in place to prevent the re-occurrence of high outstanding debts.
Recruitment / Staffing	
Substantial Assurance	Adequate Assurance This risk has realigned to adequate assurance, providing a realistic assurance and demonstrating that whilst some recruitment / retention statistics are improving, there are hotspots within the Council where recruitment remains a significant challenge. Work is ongoing to identify the areas with recruitment risks and report this data back to the HR team.
September 2023	March 2024
Market Supply	
Limited Assurance	Limited Assurance As stated within the strategic risk updates section, this risk includes Children’s and Adults Care and Community Wellbeing and takes account of the challenges in the care sector and high needs education sectors. ACCW market supply is in a better position with the market actively working with the Council to meet our needs, we are actively targeting resources and initiatives to hot spots when making assessments. Within Children’s market supply, challenges are felt with increasing costs, low

	supply levels and increasing demand. There are also areas of the risk which are externally influenced, and these can prove difficult to mitigate. However, multiple controls are in place and working and more are new and developing.
Strategic Contracts Limited Assurance	Limited Assurance Assurance for this risk remains the same, however the impact score has lowered to moderate, this responded to Children’s Services contracts now being included in the market supply risk.
IT Infrastructure Limited Assurance	Limited Assurance No change to the assurance level for this risk, but an improving direction of travel reflecting the ongoing work to upgrade IT Infrastructure with new and developing controls updated.
Extreme Weather New	Limited Assurance This is a new risk and currently controls are predominantly new and developing as we begin to understand the risk better, and as controls progress, it is likely that these controls will become measured, and further controls can be developed.
LFR Command and Control New	Limited Assurance This is a new risk. Controls link to all three aspects of the risk, with the procurement aspect now complete, the implementation phase begins, and project plans are in place for this phase.

Exempt Item - Appendix B1 is exempt in line with Paragraph 3, Part 1 of Schedule 12A of the Local Government Act 1972. It discloses details of Lincolnshire County Councils IT security arrangements which, if disclosed would increase the Councils risk of a security breach.

Strategic Risk – 12 month change

Strategic risk reviews have developed during 2023/2024 to provide more meaningful risk wording, implementation of the risk matrix (risk scoring) and the adoption of assurance status statements to align to the audit definitions.

March 2023	March 2024
13 Risks	15 Risks
5 Limited Assurance	5 Limited Assurance

Risk Management Audit Action Plan

Following the Audit Committee’s risk management training and assurance training, the outstanding actions from the external risk management audit (undertaken in 2022) have been added to the work plan and are considered as part of the overall strategy. The risk management audit action plan is now complete and will become business as usual for 2024/2025.

Sharpcloud – Risk Management Software

The use of Sharpcloud continues to develop with data being used to inform the annual combine risk report. The ability to collate, store and retrieve data in a meaningful way has improved risk intelligence across the Council. Sharpcloud continues to be used to identify risk themes and collate the risks and identify common learning points.

Sharpcloud licenses will be allocated to the audit committee members in due course, with follow up technical training to support visibility of the strategic risks.

Service and Directorate Risk Management Activity

At the start of 2023/2024 not all service areas held risk registers significant work delivered throughout 2023/2024 has resulted in every service across the Council having a service risk register. There are now 55 service risk registers across the Council. This provides a positive position and demonstrates the improvements in embedding risk management across the whole organisation. The level of engagement from all parties has been high, aiding the success of this work stream. Service risk registers are subject to six monthly reviews with the risk team. The reviews focus on improving the risk information for descriptions and mitigations as well as risk knowledge of the risk owners.

Directorate risk registers consider the information within service risk registers as well as discussion at senior leadership meetings (or equivalent) to identify directorate level risks and consider risk escalation .

Figure 1 shows risk reviews completed throughout the year by work type, service risk registers, strategic risk register, or the combined risk report.

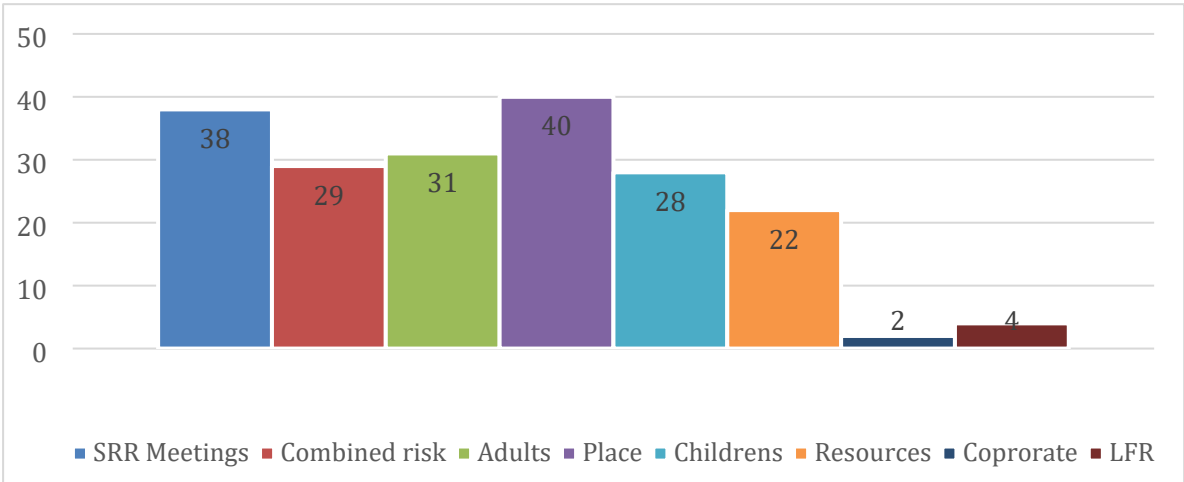


Figure 1

Combined Risk Report

The combined risk report used risk intelligence to inform the risk profile of Lincolnshire County Council and identifies themes and trends. The Corporate Leadership Team provided their opinion on the assurance in place to identify key risks and the management of these risks. Executive Directors were present at the February meeting to hold discussion with audit committee members and respond to assurance questioning. As this was the first time this approach had been used. Feedback has been sought from both committee members and officers engaged in the process. This will be utilised in future developments ahead of 2024/2025's combined risk report. Feedback received thus far has been positive and the outcomes well received and deemed of value.

External Risk Management Work

The work of risk management team is recognised both nationally and locally as advocating best practice and leading in specific areas of risk management. As a consequence, we are regularly contacted to provide support to other organisations. This support covers:

- Member training
- Officer training
- Guidance documents
- Strategy and policy reviews

During 2023/2024 we completed risk education work with one district council. Additional enquires received were deferred until 2024 to enable our continued focus on LCC developments. One risk team member is a Director on the Board of the public sector professional, national body, ALARM. This organisation is dedicated to furthering the development of risk management and provides a variety of support to its members. Lincolnshire were invited to deliver a risk session at the national conference in June 2023 and received excellent feedback. This resulted in a published article by a member of the team in the ALARM quarterly journal.

Feedback

The risk team is committed to continuous improvement through regular feedback. Over the past six months we have received 14 responses to 61 feedback requests, all of which found the sessions provided useful. Moving forward, a process will be developed to improve response rates to feedback requests.

Feedback from the combined risk report remains on-going and will be used to improve the process and information provided in the next combined risk report.

Horizon scanning

Horizon scanning forms a significant aspect of effective risk management, being aware of emerging risks allows the team to engage with topic experts and facilitate discussion leading to risk evaluation and mitigation. The team maintain membership of appropriate national bodies and local risk groups. These sources recently identified financial sustainability, political uncertainty, and cyber and artificial intelligence risks.

The next 12 months – what is coming up?

In 2023/24 a three year strategy was implemented, the second year of that strategy will focus on risk capacity and involve a review and possible re-visit of the current risk appetite. The work will include appropriate tolerance levels for each strategic risk. The purpose of this strategic work will support in the Council and members in the development and knowledge around risk exposure and enable identification of risk which are mitigated outside of appropriate appetite levels.

Work will take place to trial risk indicators using agreed setting out a criterion for monitoring the risk itself and for monitoring the performance of the controls in place to mitigate the risk.

Underpinning other work to further embed best practice, we will continue the quality assurance work we started in 2023/2024, which provided ongoing review and assessment of risk descriptions, risk actions and controls. This supports continual improvement in the quality of risk information. The risk team will develop internal performance indicators to inform the progress against key objectives.

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Name	Description	Category	Current Impact	Current Likelihood	Current Risk Score	Target Impact	Target Likelihood	Target Risk Score	Assurance Status	Direction of Travel	Control Type	Existing / New and Developing	Related Risk Copy	Risk Owner
Safeguarding Children	Failure to safeguard children could impact childrens wellbeing and cause reputational damage & legal repercussions.	Risk	4 - Critical	2 - Possible	8 - Medium	4 - Critical	2 - Possible	8 - Medium	Substantial	Improving			Safeguarding Children	Heather Sandy
Quality Assurance and Audit Process	Robust Quality Assurance and Audit process – deep diving into quality of practice.	Control									Measured	Existing	Safeguarding Children	Heather Sandy
Live & ongoing assurance provided to OFSTED	Live & ongoing assurance provided to OFSTED	Control									Measured	Existing	Safeguarding Children	Heather Sandy
The CHaT Dataset	The Childrens services analysis tool, data set, reviewed monthly by senior managers to ensure performance is in order.	Control									Measured	Existing	Safeguarding Children	Heather Sandy
Self Evaluation	Continuous self evaluation (qtrly), quantitative and qualitative evaluation of performance against monitoring KPI's.	Control									Measured	Existing	Safeguarding Children	Heather Sandy
LSCP	Lincolnshire Safeguarding Childrens Partnership - collaborative working and independent scrutiny to monitor and review safeguarding system across Lincolnshire	Control									Unmeasured	Existing	Safeguarding Children	Heather Sandy
Continuous improvement programme	Continuous improvement programme linked to Ofsted inspections, currently focussed on care leavers & foundations of practice.	Control									Measured	Existing	Safeguarding Children	Heather Sandy
Early intervention offer	Strong early intervention offer, preventing escalation to statutory services.	Control									Unmeasured	Existing	Safeguarding Children	Heather Sandy
Review of data & reporting	Pathfinder work to review data sets & reporting to improve data intelligence.	Control									Measured	New and Developing	Safeguarding Children	Heather Sandy

Name	Description	Category	Current Impact	Current Likelihood	Current Risk Score	Target Impact	Target Likelihood	Target Risk Score	Assurance Status	Direction of Travel	Control Type	Existing / New and Developing	Related Risk Copy	Risk Owner
Safeguarding Adults	Failure to meet our statutory responsibilities in order to safeguard adults, impacts service user wellbeing and our reputation.	Risk	3 - Major	2 - Possible	6 - Medium	3 - Major	2 - Possible	6 - Medium	Substantial	Static			Safeguarding Adults	Martin Samuels
Monitoring of performance against council business plan measures and any actions arising		Control									Measured	Existing	Safeguarding Adults	
Corporate audits, QA audits & board audit plans in place		Control									Measured	Existing	Safeguarding Adults	
LSAB action plan	LSAB action plan in place and progressing	Control									Measured	Existing	Safeguarding Adults	
Keeping People Safe Strategy	LSAB Prevention Strategy and early intervention in place and in progress, work ongoing to determine baselines.	Control									Unmeasured	Existing	Safeguarding Adults	
LSAB, SASS Risk Registers.	LSAB, SASS and AFLTC Risk Registers in place & reviewed.	Control									Measured	Existing	Safeguarding Adults	
Multiagency Safeguarding Policy	Multiagency Safeguarding Policy & Local procedures in place	Control									Unmeasured	Existing	Safeguarding Adults	
Number of safeguarding cases supported by an advocate KPI's in place	Target - 100% - Met	Control									Measured	Existing	Safeguarding Adults	
Rolling program of training for staff development in place	Mandatory framework, monitored	Control									Measured	Existing	Safeguarding Adults	
LSAB making safeguarding personal - action plan	Monitored and on track	Control									Measured	Existing	Safeguarding Adults	
CQC Inspection regime pilot, providing assurance on processes and areas for growth	Action plan created and in progress.	Control									Measured	New and Developing	Safeguarding Adults	

Name	Description	Category	Current Impact	Current Likelihood	Current Risk Score	Target Impact	Target Likelihood	Target Risk Score	Assurance Status	Direction of Travel	Control Type	Existing / New and Developing	Related Risk Copy	Risk Owner
Resilience (Business Continuity)	Insufficient capacity and resilience to respond to, and recover from, wider area and prolonged emergencies and business disruption (e.g. coastal flooding / pandemic flu) impacting on public safety, continuity of critical functions and normal service delivery.	Risk	3 - Major	2 - Possible	6 - Medium	3 - Major	1 - Unlikely	3 - Medium	Adequate	Improving			Resilience (Business Continuity)	Martin Samuels
Training courses for commanders and LRFs	Ongoing development and delivery of training courses for commanders and LRFs Monitored through database with automated reminders.	Control									Measured	Existing	Resilience (Business Continuity)	
Project Implementation	Effective implementation of Drones, Mapping, Rest Centres, Engagement projects.	Control									Measured	Existing	Resilience (Business Continuity)	
Stronger LRF programme and UK resilience review	UK resilience review and Stronger LRF programme under review and complied with	Control									Measured	Existing	Resilience (Business Continuity)	
Facilities reviews	County Emergency Centre facilities continually under review	Control									Measured	Existing	Resilience (Business Continuity)	
Elected Member training & experience	Deliver Emergency Planning and Business Continuity training to Elected Member and inclusion in exercises	Control									Measured	Existing	Resilience (Business Continuity)	
Tactical & Strategic officer comms	Email comms sent to tactical and strategic duty officers every week as a reminder of cover on the rotas and situational report.	Control									Measured	Existing	Resilience (Business Continuity)	
Exercise IMP	Exercise IMP (May 2024)	Control									Unmeasured	Existing	Resilience (Business Continuity)	
Internal resilience	Looking internally at more resilience during emergencies.	Control									Unmeasured	New and Developing	Resilience (Business Continuity)	
LRF tracker monitoring	Monitoring of LRF tracker document by programme management board	Control									Measured	Existing	Resilience (Business Continuity)	
Corporate Business Continuity Plan	Corporate Business Continuity plan Issued Jan 2023	Control									Measured	Existing	Resilience (Business Continuity)	
Babet & Henk debrief	Babet & Henk debrief report completed & due at CLT	Control									Measured	New and Developing	Resilience (Business Continuity)	
Benchmarking exercise	Benchmarking exercise with 18 national resilience standards, completed with recommendations and action plan in place.	Control									Measured	New and Developing	Resilience (Business Continuity)	
Audit progress report	Progress report - internal audit of Business Continuity in progress	Control									Measured	New and Developing	Resilience (Business Continuity)	
BC Corporate Lead	Appointed to BC corporate lead within LCC	Control									Unmeasured	New and Developing	Resilience (Business Continuity)	

Name	Description	Category	Current Impact	Current Likelihood	Current Risk Score	Target Impact	Target Likelihood	Target Risk Score	Assurance Status	Direction of Travel	Control Type	Existing / New and Developing	Related Risk Copy	Risk Owner
Transformation Programme Projects	Failure to deliver our Transformation programme, due to an inability to identify the problem / opportunities, lack of engagement / buy in, lack of resources or capacity, leading to loss of funds / time, increased pressure on staff and reputation damage to LCC.	Risk	3 - Major	1 - Unlikely	3 - Medium	3 - Major	1 - Unlikely	3 - Medium	Substantial	Improving			Transformation Programme Projects	Andrew Crookham
The scope and focus of the transformation programme scope is regularly reviewed to ensure wider contextual and environmental factors are considered.	Reviewed regularly	Control									Unmeasured	Existing	Transformation Programme Projects	
Aligning transformation programme to Corporate Plan and Political Manifesto		Control									Measured	Existing	Transformation Programme Projects	
Dedicated SharePoint site with updated standardised Project Management Toolkit & Business Analysis Toolkit, regularly reviewed & updated to keep them up to date.		Control									Measured	Existing	Transformation Programme Projects	
Project management community of practice.	Share best practice amongst project managers, within the Council.	Control									Unmeasured	New and Developing	Transformation Programme Projects	
Further developing the Transformation Team to continue to lead key areas of activity, including learning and development.	Also includes lessons learned during or after projects, shared with team to improve knowledge across the team.	Control									Measured	Existing	Transformation Programme Projects	
Transformation steering group monitors & measures impact on enabling services, prior to recommendation to CLT.		Control									Measured	Existing	Transformation Programme Projects	
Gateway review process being tested, including Internal QA process in place, spot checking projects & reviewing post completion.		Control									Measured	New and Developing	Transformation Programme Projects	
Governance in place for strategic, tactical and operational project levels.		Control									Measured	Existing	Transformation Programme Projects	
Implemented new structure to oversee and deliver the programme, Corporate PMO renamed Transformation Service with three team managers each with a strategic focus.	Leading on, business (budget, benefits, project & programme), business analysis, change management.	Control									Unmeasured	Existing	Transformation Programme Projects	
Routine political reporting.		Control									Measured	Existing	Transformation Programme Projects	
Our vision, mission, objectives and outcomes are clear and all projects within the programme are working towards these.		Control									Measured	Existing	Transformation Programme Projects	
Change influencer network - set up to help embed change across the organisation.		Control									Unmeasured	Existing	Transformation Programme Projects	

Name	Description	Category	Current Impact	Current Likelihood	Current Risk Score - Calculated	Target Impact	Target Likelihood	Target Risk Score - Calculated	Assurance Status	Direction of Travel	Control Type	Existing / New and Developing	Related Risk Copy	Risk Owner
Budget - LCC	Increased costs and demand, outstripping the funding available threatening financial sustainability.	Risk	3 - Major	2 - Possible	6 - Medium	3 - Major	2 - Possible	3 - Medium	Adequate	Static			Budget - LCC	Andrew Crookham
External assessment of our Financial resilience, with reviews OFLOG (reviewing LA productivity & spend).	Returned with good assurance regarding resilience	Control									Unmeasured	Existing	Budget - LCC	
Underspend position for 23/24, forecasted to balance for 24/25		Control									Unmeasured	Existing	Budget - LCC	
Established Medium Term Financial Strategy (MTFP), setting out the council's financial context and steps to longer term financial sustainability.		Control									Measured	Existing	Budget - LCC	
Transformation Programme which supports delivery of the MTFP	Business performance improvement to deliver efficiencies.	Control									Measured	Existing	Budget - LCC	
Established consistent revenue budget monitoring process including monthly exception reporting to CLT	Process improved, identified underspends, shifted into capital programme to prevent borrowing.	Control									Measured	Existing	Budget - LCC	
Financial planning process incorporates potential risk of external environment, such as macro changes and funding review	Measured by scenario planning, eg tax base intelligence.	Control									Measured	Existing	Budget - LCC	
Areas of financial risk being analysed,	Identifying biggest financial risk areas within the Council & options discussed / identified to mitigate costs (where possible).	Control									Unmeasured	New and Developing	Budget - LCC	
Directorate MTFPs	Budget setting & budget monitoring by directorate, to support MTFP per directorate to incorporate key financial risks	Control									Measured	New and Developing	Budget - LCC	
Capital Programme	Improvements to the management of the capital programme including a 10 year affordable programme, introduction of monthly capital review meetings - ensuring consistency in capital management across the directorates	Control									Unmeasured	New and Developing	Budget - LCC	
Review of CIPFA financial management code and our compliance.	Completed, judged to be compliant, program of improvements in progress.	Control									Unmeasured	New and Developing	Budget - LCC	
Business Partner Role	Developing the offer of financial services, to ensure advice and guidance given is detailed and consistent. (includes learning development framework for employees to support this role).	Control									Measured	New and Developing	Budget - LCC	
Heat Mapping	Heat Mapping - scoring areas of activities to identify performance and improvements.	Control									Measured	New and Developing	Budget - LCC	
County council network, working with CCN to engage with central government.	Regular engagement with central government via S151 officer & leader.	Control									Unmeasured	Existing	Budget - LCC	

Name	Description	Category	Current Impact	Current Likelihood	Current Risk Score	Target Impact	Target Likelihood	Target Risk Score	Assurance Status	Direction of Travel	Control Type	Existing / New and Developing	Related Risk Copy	Risk Owner
Inflation	High inflation undermines capital programme impacting aspirations and threatens the sustainability of revenue budgets.	Risk	3 - Major	3 - Likely	9 - Medium	2 - Moderate	3 - Likely	6 - Medium	Adequate	Improving			Inflation	Andrew Crookham
Lobbying for Government Support through CCN, LGA & SCT	Lobbying for Government Support through County Council Network, Local Government Association, Society of County Treasurers and Regular engagement with central government via S151 officer & leader.	Control									Measured	Existing	Inflation	
Regular financial monitoring/impact assessment on key projects/contracts	Key contracts included on DLT insights.	Control									Measured	Existing	Inflation	
Increased contingency amount for budget pressures such as pay award	Contingency reducing to reflect reducing impact of inflations.	Control									Measured	Existing	Inflation	
Capital programme reprioritised with Executive, to keep within funding envelope	Repeated for 24/25 budget	Control									Measured	Existing	Inflation	
Costs pressures included in next years budget.	Repeated for 24/25 budget	Control									Measured	Existing	Inflation	
Data Intelligence	Detailed analysis / intelligence on different types of inflation.	Control									Measured	Existing	Inflation	

This risk is to be removed at the next review

Name	Description	Category	Current Impact	Current Likelihood	Current Risk Score	Target Impact	Target Likelihood	Target Risk Score	Assurance Status	Direction of Travel	Control Type	Existing / New and Developing	Related Risk Copy	Risk Owner
Outstanding Debt	Securing efficient and effective end-to-end processes for the recovery of income due to the Council	Risk	2 - Moderate	2 - Possible	4 - Medium	2 - Moderate	2 - Possible	4 - Medium	Substantial	Improving			Outstanding Debt	Martin Samuels
Regular oversight and management of necessary improvements by ACCW Directorate Leadership Team		Control									Measured	Existing	Outstanding Debt	
A detailed full audit was complete in 2023 and action plan is in progress.	Audit result - substantial assurance	Control									Measured	Existing	Outstanding Debt	
Credit control procedures are in place, e.g. for issuing reminders.		Control									Measured	Existing	Outstanding Debt	
Detailed monthly reports on debtors are ran and actioned by the Finance team.		Control									Measured	Existing	Outstanding Debt	
Embedded Debt review groups in each team where relevant - chaired by area managers, with agreed ToR		Control									Measured	Existing	Outstanding Debt	
Escalation procedures are in place for pursuing overdue debt		Control									Measured	Existing	Outstanding Debt	
credit control procedures are in place, e.g. for issuing reminders.	Continuous improvement to system being picked up through the Hoople service user group	Control									Measured	Existing	Outstanding Debt	
The annual audit of key controls embedded and ongoing	Good assurance received	Control									Measured	Existing	Outstanding Debt	
Debt Dashboard with performance measures, reported into financial assessment improvement programme.		Control									Measured	Existing	Outstanding Debt	
End to end process mapping now being supported by external consultancy.	Due for completion 31st May 2024	Control									Measured	Existing	Outstanding Debt	
Delivering service development (Move to gross), setting up direct debits to assist in reducing debt levels.	Dashboard in place, reported into financial assessment improvement programme	Control									Measured	Existing	Outstanding Debt	
Credit Control function Tupee'ing over to financial services LCC 1st April 2024. Allowing total control over the function.		Control									Measured	Existing	Outstanding Debt	

Name	Description	Category	Current Impact	Current Likelihood	Current Risk Score	Target Impact	Target Likelihood	Target Risk Score	Assurance Status	Direction of Travel	Control Type	Existing / New and Developing	Related Risk Copy	Risk Owner
Recruitment & Staffing	Ability to recruit & retain employees across the organisation	Risk	3 - Major	3 - Likely	9 - Medium	2 - Moderate	2 - Possible	4 - Medium	Adequate	Improving			Recruitment & Staffing	Andrew Crookham
Developing an understanding of short / medium / long term workforce planning requirements.		Control									Measured	New and Developing	Recruitment & Staffing	
Development of the wider talent management offer. including , Attraction and Retention (A&R) offer, apprenticeship program and wider talent management offer. Measured by people strategy benefit realisation.	Some elements existing, however talent management offer still ND	Control									Measured	New and Developing	Recruitment & Staffing	
Listening and responding to employee feedback through employee surveys and Employee Briefing events informing corporate action, including annual employee survey.	Measured by action plans following feedback.	Control									Measured	Existing	Recruitment & Staffing	
Ongoing resourcing analytics monthly and year to date, and further development of Resourcing Management Information in addition to Human Resources Management Information (HRMI)	HRMI - Existing, TRMI - New & Developing.	Control									Measured	New and Developing	Recruitment & Staffing	
Expansion and promotion of current enhanced health and wellbeing offer and internal mental health services, as part of the health and wellbeing strategy. And promotion of financial wellbeing support.	Continually enhanced with new elements.	Control									Measured	Existing	Recruitment & Staffing	
Expansion and promotion to employee benefits e.g. salary sacrifice schemes and benefits portal	Continually enhanced with new elements.	Control									Measured	Existing	Recruitment & Staffing	
Corporate recruitment and retention measures established including new employer branding/social media campaigns, phase one complete.	Phase two underway.	Control									Measured	Existing	Recruitment & Staffing	
Embedding all employment policies to support cultural shift to more collaborative ways of working and early resolution of issues		Control									Unmeasured	Existing	Recruitment & Staffing	
Implementation of hybrid working and associated changes to performance management and working flexibly practices, promoted during recruitment.		Control									Unmeasured	Existing	Recruitment & Staffing	
Monitor and review Our People Strategy 2023-25 to support the delivery of our Corporate Plan, implemented through the people strategy delivery plan.	Reported through Project Board, Resources VMOST & Senior / Directorate Leadership Teams.	Control									Measured	Existing	Recruitment & Staffing	
Development of comprehensive digital information, detailing employment policies, benefits & wellbeing support via internal and external mechanisms.		Control									Unmeasured	Existing	Recruitment & Staffing	
Refresh of LCC corporate values & behaviours, driven by employee voice & expectations of each other, and embedded through cultural change programme	Making LCC more relatable to attract & retain new employees	Control									Unmeasured	New and Developing	Recruitment & Staffing	
Review of onboarding process to streamline the processes & identify opportunities for better join up between HR & HR administration / payroll.	Including - Transformation programme review of recruitment end to end process.	Control									Measured	New and Developing	Recruitment & Staffing	
Linking with services to identify / share and understand recruitment and retention challenges using TMI data and identifying appropriate interventions.		Control									Measured	New and Developing	Recruitment & Staffing	
Agency worker review - to identify opportunities for agency to permanent interventions where there is a cost effective business case.		Control									Measured	New and Developing	Recruitment & Staffing	

Name	Description	Category	Current Impact	Current Likelihood	Current Risk Score	Target Impact	Target Likelihood	Target Risk Score	Assurance Status	Direction of Travel	Control Type	Existing / New and Developing	Related Risk Copy	Risk Owner
Market Supply	Adequacy of social care and high needs education market supply deteriorates further, resulting in financial impacts and failure to meet our statutory duties.	Risk	3 - Major	2 - Possible	6 - Medium	3 - Major	2 - Possible	6 - Medium	Limited	Static			Market Supply	Martin Samuels / Heather Sandy
Prevent the need for specialist placements	<p>Children's Social Care: re-commissioning of Safe Families edge of care service. Families First Pathfinder increasing investment in family help. Strong Early Help services. Use of Valuing Care toolkit to better understand needs of children.</p> <p>Education: Re-commissioning of Best Start Early Years Service, Portage and Early Support Learning Provision to increase community offer for children with emerging SEND/SEND. Ask SAL offering advice for professionals. Re-commissioning Learning Disability and Autism Outreach to support children to remain educated in mainstream settings-. Re-commissioning Behaviour Outreach Support Service to include more SEND support and reduce school exclusions. Challenging school exclusions with school leaders. 14 extra SEND Caseworkers and 4 Pupil Reintegration Workers agreed to better support children earlier. Workforce development through SEND alliance, developing training & CPD for all schools in Lincolnshire. Improving skills of staff to meet the needs of children.</p> <p>Adults Home Based Reablement Service pilot to broaden eligibility - in final evaluation</p>	Control									Measured	Existing	Market Supply	
Increase local in-house provision that is better value	<p>Children's Social Care: Children in Care Transformation Programme. 2 New Children's Residential Care Homes built by 2024. New Secure Children's Home to open in 2026, with increased welfare beds. New crisis respite home being considered to support reduction of unregulated placements. Foster care recruitment strategy, including higher payments.</p> <p>Education: Increased special school places through Building Communities of Specialist Provision programme, replacing lost Alternative Provision Capacity at Myle Cross, commissioning Alternative Provision places from academies, funding for SEMH School agreed.</p>	Control									Measured	Existing	Market Supply	
Existing Market Management	<p>Children's Placements Team negotiating price reductions, block commissioning of places, BCP arrangements for loss of supplier, robust contract management based on RAG rating, helping Support Accommodation with new Ofsted Regulation.</p> <p>Adults Market Sustainability and Improvement Fund led by Finance leads submission. National government pay different rates for different areas. Fair cost of care for locality. This is done across all the market. New rates in place for 23/24. Loss of Provider Process (enacted where required). Completing Lincolnshire market assessment of mental health provision to assess whether rates are sufficient to sustain the market. Will be complete in couple of weeks. Intervention programme for targeted support of providers (as part of contract management). Sustainability action plan for whole market. Workforce Development Strategy Group (led by Justin Hackney). Commercial contracts in place across the sector. Robust Contract Management of all Commissioned Services. Move to gross (residential specific) now rolling out home by home.</p>	Control									Measured	Existing	Market Supply	
Market Development	<p>Children's Sufficiency Strategy and annual market position statement published for independent care and education market. Engagement with local education and care providers to help shape provision to meet local need with view to developing block contract arrangements for better value.</p> <p>Adults</p>	Control									Measured	Existing	Market Supply	
Joint Working with Health	<p>Children's Reviewing health pathways around EHCPs, childrens continuing care and ensuring costs are proportionally funded by LCC and ICB</p> <p>Adults Distribution of the discharge funding, two year investment in place to 23-25. Service Quality Review – multi agency response to high-risk provision</p>	Control									Measured	Existing	Market Supply	
Regional Working	<p>Children's Regional approach to fee increases, exploring opportunities to regional quality assurance of suppliers, exploring benefits of joint commissioning opportunities. Regional lead for SEND Mediation commissioning. Monitoring national SEND & AP plan, including funded work for regional groups to test and pilot new ways of working.</p> <p>Adults Part of East Midlands Market Assessment – comparing rates / supply across east of England. Leading on East Midlands international recruitment programme.</p>	Control									Measured	Existing	Market Supply	

Name	Description	Category	Current Impact	Current Likelihood	Current Risk Score	Target Impact	Target Likelihood	Target Risk Score	Assurance Status	Direction of Travel	Control Type	Existing / New and Developing	Related Risk Copy	Risk Owner
Serco Contract	Exit of Serco contract ending and transition into the new arrangements	Risk	3 - Major	1 - Unlikely	3 - Medium	3 - Major	1 - Unlikely	3 - Medium	Substantial	Improving			Serco Contract	Andrew Crookham
Implementation of the programme / project plan with key milestone dates.		Control									Measured	Existing	Serco Contract	
Governance arrangements and reporting lines in place.		Control									Measured	Existing	Serco Contract	
Exit Manager appointed by Serco.		Control									Unmeasured	Existing	Serco Contract	
Hoople build of BW system implemented, ahead of service transition.		Control									Measured	Existing	Serco Contract	
Programme Director in place to lead of Implementation.		Control									Unmeasured	Existing	Serco Contract	
Decision to insource HR admin and payroll.		Control									Unmeasured	Existing	Serco Contract	
LCC recruiting payroll expert with fire payroll experience.		Control									Unmeasured	New and Developing	Serco Contract	
Continuation of IMT services until March 2026.		Control									Unmeasured	Existing	Serco Contract	
CSC tender won by serco, CSC services continue to be delivered by them.		Control									Unmeasured	Existing	Serco Contract	

This risk is to be removed at the next review

Name	Description	Category	Current Impact	Current Likelihood	Current Risk Score	Target Impact	Target Likelihood	Target Risk Score	Assurance Status	Direction of Travel	Control Type	Existing / New and Developing	Related Risk Copy	Risk Owner
Strategic Contracts	Ensuring contracts and markets (other than adult & childrens social care) are fit for purpose & are managed effectively	Risk	2 - Moderate	3 - Likely	6 - Medium	2 - Moderate	2 - Possible	4 - Medium	Limited	Static			Strategic Contracts	Andrew Crookham
Access to legal advice and support		Control									Measured	Existing	Strategic Contracts	
Recruitment Category Management Lead for IT		Control									Measured	New and Developing	Strategic Contracts	
Commercial Board		Control									Unmeasured	Existing	Strategic Contracts	
Commissioning advisory group and Commissioning Hub		Control									Unmeasured	Existing	Strategic Contracts	
Contract and procurement procedure rules (CPPR)		Control									Unmeasured	Existing	Strategic Contracts	
Options Appraisals		Control									Unmeasured	Existing	Strategic Contracts	
Project decision making and governance including accountable decision maker		Control									Unmeasured	Existing	Strategic Contracts	
Contract Management Toolkit which promotes good practice		Control									Unmeasured	Existing	Strategic Contracts	
Regular quarterly reporting to all DLTs with escalation reporting to CLT		Control									Measured	Existing	Strategic Contracts	
Use of industry standard contracts e.g. NEC		Control									Unmeasured	Existing	Strategic Contracts	
Contract register and identified contract manager	to provide key details on the contract	Control									Unmeasured	Existing	Strategic Contracts	
Access to Council standardised terms & conditions	Manages the councils position to risk, provides access to T&C's which are optimum risk balance for the Council.	Control									Unmeasured	New and Developing	Strategic Contracts	
RAACI Model - identifying tasks to complete to provide procurement & contract management best practice.		Control									Unmeasured	Existing	Strategic Contracts	
Contract management network	Experienced contract managers providing workshops / topic discussions to other contract managers. Sharing best practice across the Council	Control									Unmeasured	New and Developing	Strategic Contracts	
Consistent approach to business continuity, risk management & fraud mitigation within contracts.	Applying council approach within the contracts and with contractors, focusing on key contracts.	Control									Unmeasured	New and Developing	Strategic Contracts	

Name	Description	Category	Current Impact	Current Likelihood	Current Risk Score	Target Impact	Target Likelihood	Target Risk Score	Assurance Status	Direction of Travel	Control Type	Existing / New and Developing	Related Risk Copy	Risk Owner
IT Infrastructure	Failure to provide an upto date and stable IT infrastructure, relative to the Authorities needs, may fundamentally impede the Councils ability to achieve its objectives.	Risk	4 - Critical	3 - Likely	12 - High	4 - Critical	2 - Possible	8 - Medium	Limited	Improving			IT Infrastructure	Andrew Crookham
Portfolio of remedial projects	Portfolio of projects progressing well to mitigate.	Control									Measured	Existing	IT Infrastructure	
Life Cycle Management	Quarterly life cycle reviews held with Serco, with clear expectations & goals, tracking and informing works.	Control									Measured	Existing	IT Infrastructure	
Device Management Strategy	EUC device moves to modern management is nearing completion reducing reliance on LCC infrastructure.	Control									Measured	Existing	IT Infrastructure	
Ongoing removal of legacy hardware/software	Projects to remove legacy hardware and software are progressing well.	Control									Measured	New and Developing	IT Infrastructure	
System Heat Map - Review of key systems	The Systems Heatmap is being completed to aid tracking of the environment.	Control									Measured	New and Developing	IT Infrastructure	
Recruitment	Successful recruitment to multiple posts - including Heads of Service & cyber project / cyber security analyst and head of cyber security.	Control									Measured	New and Developing	IT Infrastructure	
Restructure	IT area restructure - with multiple new recruitments to head of service posts. Providing significant additional capacity.	Control									Measured	New and Developing	IT Infrastructure	
GAP analysis.	Gap analysis to move to a more robust standard	Control									Measured	New and Developing	IT Infrastructure	

Name	Description	Category	Current Impact	Current Likelihood	Current Risk Score	Target Impact	Target Likelihood	Target Risk Score	Assurance Status	Direction of Travel	Control Type	Existing / New and Developing	Related Risk Copy	Risk Owner
Extreme Weather Events	Failure to action appropriate adaptation and mitigation strategies to ensure capacity and resilience from the increased occurrence and magnitude of extreme weather events to our service delivery, asset management and community expectations leading to resource pressures and reputational damage	Risk	3 - Major	4 - Almost Certain	12	3 - Major	4 - Almost Certain	12	Limited	Improving				Andy Gutherson
Flood alleviation schemes	Investment in flood alleviation schemes to protect properties, for example Long Bennington.	Control									Measured	Existing		
Drainage improvement	Working with risk management authorities (inc highways) and Anglian water to improve drainage across the County.	Control									Unmeasured	New and Developing		
Adaptation strategy	Adaptation strategy with the Environment agency & partners, Monitoring / modelling of future climate & flood levels.	Control									Unmeasured	Existing		
GMP, CMP	Green Masterplan, Carbon management plan, Investment in carbon reduction & storage strategies.	Control									Measured	Existing		
Climate change risk assessments	Climate change risk assessments for LCC services to better predict impact on the Council.	Control									Unmeasured	New and Developing		
Air quality management	Air quality management planning.	Control									Unmeasured	New and Developing		
S19 investigations	Improved understanding of flood risks within the County, as a result of S19 investigations.	Control									Unmeasured	New and Developing		
Development fund	Development fund allocated, creating additional capacity.	Control									Unmeasured	New and Developing		
Gully cleaning & maintenance	Improved annual programme of gully cleaning & maintenance.	Control									Measured	New and Developing		
Community resilience	Ongoing & improved community resilience in the event of an extreme weather event (support by EP team).	Control									Unmeasured	New and Developing		
Flood response & recovery plans	LCC preparedness - upto date flood risk response & recovery plans	Control									Unmeasured	Existing		

Name	Description	Category	Current Impact	Current Likelihood	Current Risk Score	Target Impact	Target Likelihood	Target Risk Score	Assurance Status	Direction of Travel	Control Type	Existing / New and Developing	Risk Owner	Notes
Command and Control	Failure to procure, implement and successfully transition to a new LFR command and control solution may lead to a loss of the control function, inability to receive 999 calls, respond and mobilise assets resulting in failure of statutory duties.	Risk	4 - Critical	2 - Possible	8	3 - Major	1 - Unlikely	3	Limited	Improving			Mark Baxter	
Daily / weekly / monthly project management meetings	Daily stand ups with multiple stakeholders, including procurement & IT, weekly programme board.	Control									Unmeasured	Existing		
Governance arrangements	Internal governance within LFR - to Programme board, reported by exception to SLT (Senior Leadership Team) and SMB (Service Management Board).	Control									Unmeasured	Existing		
Understanding of issues/complexities	Discussions with SSS - to understand the issues / complexities moving forward, in line with contractual arrangements, via Issues logs.	Control									Unmeasured	Existing		
Implementation plan	Implementation plan created and is realistic and proportionate in a phased approach, with barebones approach to get the system up and running before adding in the additional required elements. First version presented.	Control									Measured	Existing		
Lessons Learnt embedded	Ongoing Engaging with other parties in the sector and reviewing historic implementation plans to identify lessons learnt from other organisations, and embed these without our plan	Control									Unmeasured	New/Developing		
Additional resources	Resource model includes additional operational resource and project implementation and cut over manager with financing to complete plan on time.	Control									Measured	Existing		
Dedicated ICO Manager	Dedicated implementation and cut over manager to begin late January (to manage the day to day operations of the project)	Control									Unmeasured	New/Developing		
Continuous review of plans	Continuous review and development of the project plan / cost plans and resourcing plans.	Control									Unmeasured	Existing		
Critical Paths	Critical paths identified and planned for.	Control									Measured	Existing		
Time contingency built in	Contingency built within overall plan (including limited time).	Control									Measured	Existing		
Progress monitoring sprints	Sprint / agile implementation approach to monitor progress of the implementation plan	Control									Measured	New/Developing		
Partnering up for resilience	Partner with other agencies to provide resilience with the system (as back up)	Control									Unmeasured	New/Developing		
Identifying back up	Reviewing whether can hold current system for 2025.	Control									Unmeasured	New/Developing		
LCC Tech project manager	Oversight from LCC technology project manager, providing design oversight.	Control									Unmeasured	Existing		
Parallel running period for transition	Parallel running period of 3 months to smooth transition, plus 1 month full cut over.	Control									Unmeasured	New/Developing		
Base Package install	Starting with base package installation with additional aspects built in later, to speed up install time.	Control									Unmeasured	New/Developing		
Test Site Functionality Assessment	The plan includes the set up of a reference site which will enable us to prove functionality prior to final testing in Production.	Control									Measured	New/Developing		
Contractual delivery time	Contract signed with clear clauses on delivery time frame and key check points, with back up written into the contract.	Control									Measured	Existing		

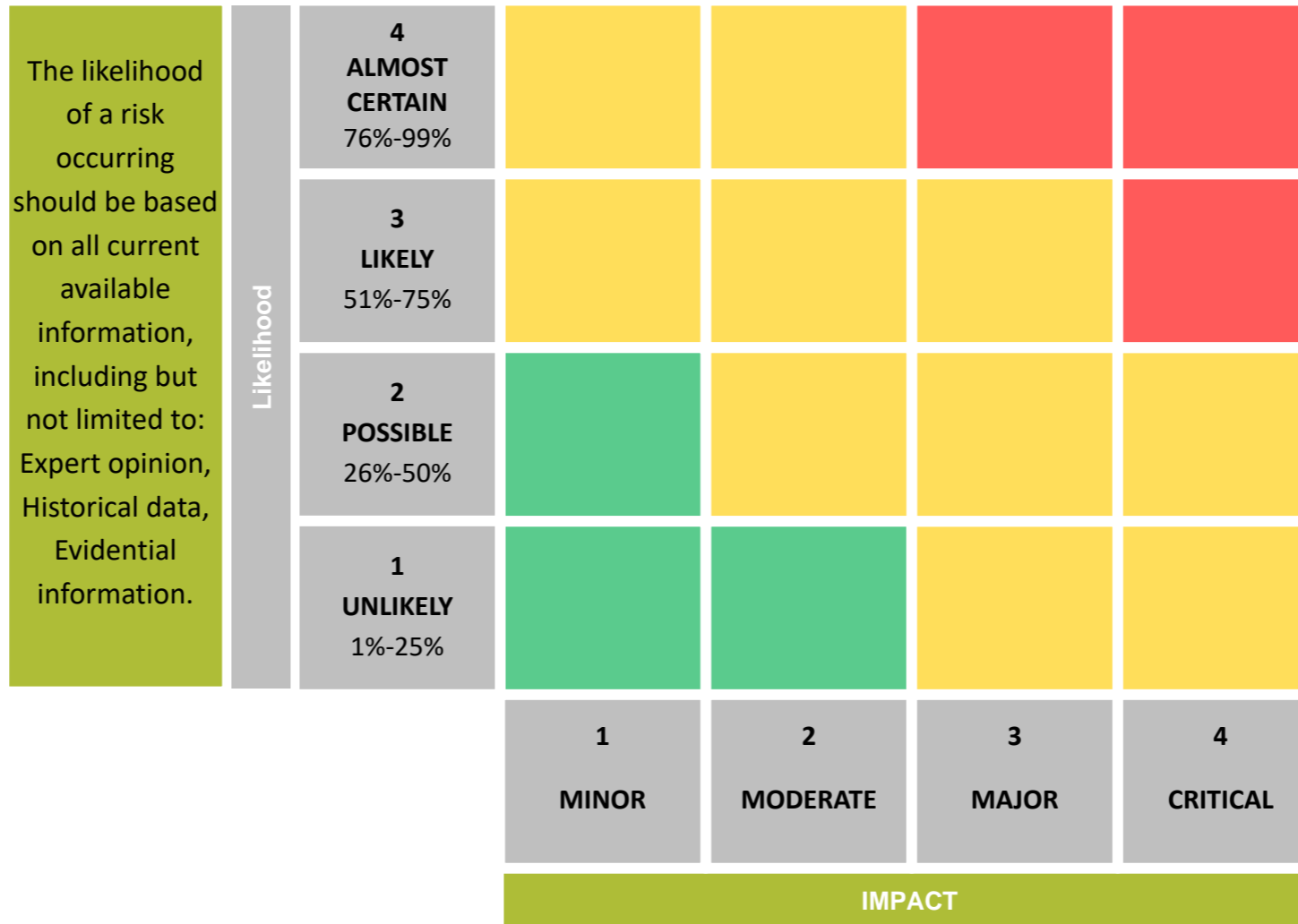
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of the Local Government Act 1972.

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Tool No. 5

RISK MATRIX



Risk Responses:

Avoid: Choose not to continue an activity to avoid the risk entirely.

Transfer: A risk reduction method that shifts risk from the project to another party, eg Insurance

Retain: Planning no further action to respond to a risk, for the time being.

Modify: Initiate new controls to lower the likelihood of the risk occurring. This is the most common method of managing a risk.

Escalate: Escalate the risk for consideration at the relevant Risk & Safety Group.

The risk matrix can be used to score each risk identified in terms of its likelihood of occurring and potential impact.

This can help to decide how best to deal with the risk and how to prioritise them.

	1 Minor	2 Moderate	3 Major	4 Critical
Financial	A loss of budget / revenue which leads to a minor impact on the services objectives.	A loss of budget / revenue which leads to a moderate impact on the services objectives.	A loss of budget / revenue which leads to a major impact on the services objectives.	A loss of budget / revenue which leads to a critical impact on the services objectives.
Service / Project Delivery	Minor impact on delivery of service / project	Moderate impact on delivery of service / project	Major impact on delivery of service / project	Unable to deliver service / project
Reputation	Minor local media coverage / minor reputational damage	Moderate media coverage only with moderate impact on reputation	Major media coverage, with major impact on reputation	Critical national media coverage with prolonged major impact on reputation
People & Workforce	Minor injury or concerns highlighted to managers	Moderate injuries or discomfort and feeling of unease or moderate increase in low moral / staff sickness and grievances	Major injuries, Exposure to dangerous conditions or a major increase in low moral and some short term low staffing levels	Fatality, disability or serious long term health problem, critical increase in staff turnover and long term low staffing levels
Legislative	No legislative breach or minor increase in duties	Breach of local guidelines, potential for low level fine/s or a moderate increase in duties	Breach of regulation leading to potential significant fine/s or a major increase in duties	Breach of regulation with potential for Council being put into special measures or a critical increase in duties
Partnership engagement	Minimal impact on relationships	Some difficulty aligning strategies within a partnership with some impact on delivery of objectives	Difficulty aligning strategies within key partnership, impacting delivery of key objectives	Full breakdown of critical partnership, leading to an inability to deliver key objectives.
Physical Assets	Minor / cosmetic damage to key physical asset	Moderate damage to key physical asset, impacting ability to function	Major damage to key physical asset, temporarily unusable but repairable	Critical damage to key physical asset, permanently unusable
Environmental impact	Localised short term reversible damage to environment	Localised long term reversible damage to the environment	Localised irreversible damage or widespread reversible damage to environment	Widespread irreversible damage to the environment

Assurance Definitions

We must provide an assurance level for all risks, this assurance level must be determined in consideration of various factors, including controls – Are the controls managing the risk adequately? Are they operating as intended? Are they having an impact on the risk?

These are the assurance statements for risk, along with an explanation of what this means to further support the decision.

Assurance Statements

	Statement	What does this mean?
Substantial Assurance	A consistent and reliable system of control exists. The risk is well managed, supporting achievement of objectives.	We have substantial assurance that the risk is well managed and everything within our control is being done to manage this risk and/or to respond to this risk should it occur.
Adequate Assurance	A generally reliable system of control exists, the risk is being managed, supporting objectives. There is scope for improvement of the control systems in place.	We have adequate assurance that the risk is managed at an acceptable level and key controls available to us are in place and operating effectively. Additional controls are being developed but are not operational yet.
Limited Assurance	An inconsistent system of control exists, the risk is not well managed. Improvement of the control system is required.	We have limited assurance that the risk is managed well. Key controls may not be having the intended impact on the risk, or the risk is influenced by external sources and some aspects are uncontrollable.
No Assurance	No control system exists, immediate action is required to address fundamental gaps and weaknesses. The risk is not currently being managed.	We have no assurance that this risk is being managed effectively. There are no controls operational. This risk may be an emerging risk.

Direction of Travel

The direction of travel for the risk is an overall view of the position of the risk and a general idea of whether the risk is improving or not. It can link to the score of the risk and the control of the risk and can also be influenced by external factors.

	What does this mean?
Improving	The risk itself is improving or our management of the risk is improving.
Static	The risk is relatively static and our management of the risk is static, ie the risk is staying the same and is not likely to improve or deteriorate.
Deteriorating	The risk is deteriorating, ie the impact or likelihood are expected to increase or the assurance around the risk is deteriorating.



Open Report on behalf of Andrew Crookham, Deputy Chief Executive & Executive Director of Resources

Report to:	Audit Committee
Date:	25 March 2024
Subject:	Counter Fraud Annual Report (including fraud risk report)

Summary:

This report provides the Committee with an overview of the counter fraud work delivered during 2023/2024 and how the resources have been utilised.

Recommendation(s):

1. To note the counter fraud work and the associated resources have been delivered.
2. To discuss and note the annual fraud risk report.

1. Background

The counter fraud strategy was agreed in July 2023 and designed to discharge the obligations of the council in preventing, detecting and deterring fraud. This report also includes the 2023/24 fraud risk assessment.

2. Conclusion

The Audit Committee plays a key role in monitoring the effectiveness of counter fraud arrangements. In considering the work undertaken, including the fraud risk assessment, it is important the committee is assured that the resources have been deployed adequately, the service is adequately resourced and the work of the counter fraud team is deemed sufficient to meet public sector obligations.

3. Consultation

a) Risks and Impact Analysis

N/A

4. Appendices

These are listed below and attached at the back of the report:	
Appendix A	Counter Fraud Annual Report for 2023/2024
Appendix B	Counter Fraud Risk Report 2023/24 (EXEMPT) <i>This appendix is not for publication by virtue of paragraph 3 of part I of Schedule 12A of the Local Government Act 1972.</i>

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Mark Harrison, Counter Fraud Manager who can be contacted by email at Claire.Goodenough@lincolnshire.gov.uk.

Counter Fraud Annual Report March 2024

Prepared by :

Claire Goodenough, Head of Audit

Mark Harrison, Counter Fraud Manager

March 2024 Version 1.2



Appendix A

Position on Counter Fraud

Leaders of public service organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

Fraud is a risk to the public sector with the Government estimated that £50.2 billion of public spending was lost in 2022/2023*. Financial loss due to fraud can reduce a Council's ability to support public services and cause reputational damage.

Lincolnshire County Council (LCC) promotes a zero-tolerance culture to fraud and corruption:

We have a zero-tolerance stance to all forms of fraud, bribery, corruption and theft. This includes within the authority and from external sources. We recognise fraud can:

- *undermine the standards of public service that we are attempting to achieve;*
- *reduce the level of resources and services available for the residents of Lincolnshire;*
- *result in major consequences which reduce public confidence in us.*

We are committed to the highest possible standards of openness, probity, honesty, integrity and accountability.

The County Council maintains a suite of strategies and policies to support the effective management of the prevention, detection and investigation of fraud and corruption. Counter fraud activity during the year has delivered a programme of proactive and reactive work to complement the internal audit strategy and annual plan focusing resources against assessed fraud risks in addition to new and emerging threats.

Role of Counter Fraud Team

LCC has an independent counter fraud team (CFT) delivering the provision of corporate fraud services to the Council which aims to prevent, detect, and deter fraud and related criminality. CFT consists of two qualified criminal investigators and two counter fraud colleagues. The team has a separate counter fraud manager who oversees the service and reports directly to the Head of Internal Audit. This arrangement supports the necessary independence for investigations and unfettered access to information across the council and this is actively supported by the corporate leadership team. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.

Raising awareness of fraud amongst Council staff and the public is an important function of the counter fraud team. We continue to provide support to officers and undertake periodic training with several directorates and staff groups. We have delivered two council wide staff briefing sessions this year outlining the work of the team and the proactive support available.

As a direct result of the briefing sessions, interactions, internal promotion and communications; the team has seen a positive impact on the number of employees completing the course. Between October 2023 and February 2024, 73 internal staff completed the training modules. This is an increase of 52 when compared to the number of completions between April and September 2023 (22).

The team have actively collaborated with the Community Safety Team to co-ordinate key messages relating to fraud and signpost concerns raised by employees and the general public.

A change to the Counter Fraud Manager in January 2024 resulted in improved engagement and team morale as well as an increased pace and delivery focus.

*(Source: Annual Fraud Indicator Report 2023)

Investigation Management

In the CF strategy, presented to the Audit Committee in July 2023, we set out the strategic aims to:

- *Deliver proactive fraud prevention and detection work across LCC whilst undertaking investigations in a timely and efficient manner.*
- *Develop effective communication with managers, keeping them appropriately informed of progress and areas of further review.*
- *Shift of focus from large investigations towards value added and enhancing work.*
- *Intelligence gathering and sharing of fraud risks to feed into audits and wider risk management.*

Progress against these plans has resulted in timely investigation and case duration with managers kept informed and updated as the investigation progressed. Work continues to embed in the movement away from large investigations in favour of focused work to enhance learning, improve policy and add value to the council. The benefits in disseminating gathered intelligence has started to materialise and will continue to progress and further developed.

Since April 2023 CFT have received 18 referrals of potential or suspected fraud. These relate to adult social care, parking badge misuse, dual employment, procurement card use (Pcards), data protection, medical retirement fraud and internal and third-party fraud which resulted in six investigations. Two investigations resulted in no fraud being identified with no further action taking place. Investigative work has resulted in one disciplinary hearing, where the individual was dismissed. Three members of staff have resigned prior to a disciplinary hearing taking place. There have been no referrals to the police this reporting year. At the time of drafting this report, CFT has four ongoing investigations.

No monetary value has been recovered from investigatory work. The courts or disciplinary panels have not imposed or pursued any financial recovery. Table 1 below shows summary investigation information.

	As at 1 March 2024
Amount of actual savings (quantifiable savings – e.g. repayment of loss) identified through fraud investigation.	£17,863.75
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions).	100%
	As of 1 March 2024
Number of referrals received	18
Number of cases under review (live)	4
Number of investigations completed	6
Number of investigations involving financial recovery.	0

Table 1

Proactive Management

Whilst the established process to reactive fraud assists the Council in responding to notified incidents or suspicions of fraud and irregularity, it is equally important to ensure proactive initiatives are appropriately explored to understand, and detect, fraud risks.

Since January 2024, the team has commenced delivery of proactive work, with one review completed between January and March with the results and intelligence gathered, being used to inform the 2024/25 annual plan and further understand the culture in operation. Proactive activity is an integral part of understanding fraud risks.

In the CF strategy, presented to the Audit Committee in July 2023, we set out the strategic aims to:

- *Review of whistleblowing processes and how we capture information about referrals received.*
- *Review of investigation processes to assess whether steps can be streamlined for a quicker turnaround of investigations.*
- *Review of fraud risk register to shape planning for proactive counter fraud work and delivery accuracy in assessments.*

Progress against these plans continue to be developed with an initial review of both the investigation process and the whistleblowing process being completed. Further work is included in the 24/25 plan to ensure the foundation of these policies aligns with best and latest practice across the public sector.

Since the recruitment of a replacement CF Manager, the volume of proactive work has increased. Proactive control assignments have been designed and executed for a greater understanding of the internal fraud profile. This work included analysis of mileage claims, use of procurement cards and pay and expense claims. The results have informed the 2024/2025 CF Plan for education and awareness work, culture work and repeat fraud analysis.

The team has also introduced a counter fraud representative group with the purpose of sharing information, best practice, developing controls and informing areas for analysis or further development. The meetings are structured and, to date, have received positive feedback.

Two council wide presentations have helped to raise the awareness of and interaction with the CFT. These sessions covered the support, guidance and advice services available from the team as well as outlining whistleblowing and investigative services.

An interactive session with Assistant Directors and above was jointly delivered by the CFT and our risk colleagues. The session utilised a combination of practical exercises and learning points (informed by real events from within the public sector). The session provoked quality dialogue and discussion relating to controls and their application. The feedback received was unanimously positive.

Multi Agency Delivery – NFI & DWP

The National Fraud Initiative (NFI) is a large-scale data matching exercise involving all councils and several other public sector bodies across the UK. From a total of 17,110 data matches, the team have reviewed 10,895 of these to date, the results of which are in table 2 below. Areas where further information is required to inform recommendations or next steps, are passed to the relevant area for internal investigation. During 2023/24 6,215 rows of data relating to blue badges and concessionary travel were referred for further investigation and action.

Comparison of fraud figures between the NFI work in 2023 with the results seen in 2021 helps to identify control area success and areas where further strengthening may be required to reduce losses.

Sharing NFI data is valuable in aiding the effectiveness of operating fraud controls and supports the assessment of fraud risks and their mitigative actions. The team remain committed to continuing these improvements.

Area:	Activity	Estimated Value
Blue Badge Misuse	595 live blue badge matches which were closed (35%). 6 data reports for blue badges holders were shared with officers. 1 completed following an investigation by blue badge team of 1684 data matches. 4 closed as errors.	£386,750.00 (savings based on cabinet office figure of £650 average saving per badge)
Pension Top-up Payments: Teachers	23 overpayments made. Budget holder decided not to recover.	£24, 891.20
Duplicate Invoices	10,055 rows of data reviewed relating to potential duplicates. 10 actual duplicates and followed up with relevant departments.	£3,451.30 (2 confirmed match recovered) £4,431.60 – (5 matches written off due to dissolved suppliers). £2,885.93 (equates to 3 matches still in query for potential recovery).
VAT	482 matches reviewed. 18 errors identified and resolved by Finance Team.	£2,456.68 (recovered)
Total		£424,866.71

Table 2 . NFI Matches

Blue badge misuse value has decreased from £465,750 in 2021 to £386,750 indicating that controls are effective. Pension top-up payments have increased from £6,102 in 2021 to £24,891 in the latest figures. There is further work to complete in these areas and the team will be undertaking proactive control assignments to develop control and detection work.

The Council supports the Department for Work and Pensions (DWP) with information sharing to facilitate their investigation of housing benefit and council tax fraud within Lincolnshire district councils. 11 referrals have been made within this fiscal year, arising from direct contact from communities.

The CFT are developing this facility from 2024/25 with enhanced reporting, intelligence sharing, counter fraud education workshops and fraud risk assessments for district partners who purchase the counter fraud service. The aim of this work is to improve and empower district councils in their ownership for development and reduce potential losses across the county.

Fraud Risk Information

The CFT are responsible for understanding and assessing the level of risk the council faces from internal control procedures, the application and efficiency of these controls and adherence to policies and procedures.

Appendix B shows the results from the fraud risk assessment work undertaken in 2023/24. This register is a live document, which is continually being updated and amended through the work undertaken with colleagues across the council.

The risk assessment process highlights several areas where controls can be strengthened, and enforcement improved to better inform the success of prevention strategies and financial savings.

Counter Fraud Networks and National Picture

The CF team actively work with partners at local, regional, and national levels to enhance, develop and collaborate to identify best practice. This supports the team in having a focus on performance and outcomes, as well as build deeper and broader services to support directorates to reduce the impact of fraud.

On a national level the team has attended the Counter Fraud 2024 Conference. From February 2024 we have started working with the Public Sector Fraud Authority (PSFA) to become members of the organisation. We have aligned our practices and knowledge to the PSFA Counter Fraud Framework. This will assist in developing professional standards within the team and improve quality and efficient delivery of the service. The team are seeking to enrol staff on the PSFA Fraud Risk Assessment Programme.

We work with and use both CIFAS (the UK's leading fraud prevention service) and the National Anti Fraud Network (NAFN) to keep up to date with emerging counter fraud risks and best practices.

Regionally we are hoping to participate in the Midlands Counties Fraud Forum, allowing us to collaborate and share intelligence with our counterparts across the region. Locally we work in partnership with Lincolnshire Police and attend their Multi Agency Intelligence Network meetings. This provides us with an opportunity to work alongside the various agencies in attendance to discuss issues around Serious and Organised Crime groups and the offences they commit, who operate within our region.

Internally we have set up a Counter Fraud Representation Group, to raise awareness of fraud risks within the Council and foster information sharing relationships across directorates. We hope this will develop a robust counter-fraud culture through development of fraud prevention initiatives and improved systems of control. The group is open to all directorates and services.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Open Report on behalf of Andrew Crookham, Deputy Chief Executive & Executive Director of Resources

Report to:	Audit Committee
Date:	25 March 2024
Subject:	Counter Fraud Plan for 2024/2025

Summary:

This report provides the Committee with information on the proposed counter fraud activities for 2024/2025 for discussion and approval.

Recommendation(s):

1. To review and approve the Counter Fraud Work Plan for 2024-2025.

Background

The Counter Fraud Plan for 2024/25 is designed to deliver a robust response to fraud committed against local authorities in Lincolnshire. The draft work plan (Appendix A) is aligned to meet the needs of the council and aligned with guidance from the Public Sector Fraud Agency.

Conclusion

The Audit Committee plays a key role in assuring the effectiveness of counter fraud arrangements. In considering the proposed counter fraud work plan the Committee should be able to:

- Gain assurance that the Council has effective arrangements in place to detect, deter and prevent fraud locally, and
- Confirm that counter fraud resources are appropriately targeted at the Council's key fraud risk areas.

Consultation

a) Risks and Impact Analysis

N/A

Appendices

These are listed below and attached at the back of the report:	
Appendix A	Counter Fraud Work Plan for 2024/2025

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Mark Harrison, Counter Fraud Manager who can be contacted by email at Mark.Harrison@lincolnshire.gov.uk.

Counter Fraud Annual Plan 2024/2025

Prepared by:

Mark Harrison, Counter Fraud Manager &

Claire Goodenough, Head of Audit

March 2024 V1.2



Appendix A

Introduction

The Role of Counter Fraud

The role of counter fraud is to reduce fraud losses within the Council through the promotion of quality and enforceable policies and procedures. Part of the work of the team is to provide reliable and accurate information, guidance and advice on the use of fraud controls, facilitate understanding of frauds facing the Council and proactively deter, prevent and detect areas of weakness or actual losses.

The context in which local government services are delivered has changed. The increasing risk of fraud by motivated offenders, the reduced local authority resources and the associated impact upon local control frameworks add pressure to the council's risk exposure from fraud.

The 2020 Fighting Fraud and Corruption Locally Strategy built upon three pillars of activity (acknowledge, prevent and pursue). This further developed to support the "six Cs" which are culture, capability, capacity, competence, communication and collaboration. In 2022 Central Government established the Public Sector Fraud Authority (PSFA) who have developed guidance, standards and training aimed specifically at developing public sector fraud teams. The team continue to work with the PSFA and our plans align with their guidance and support.

The proactive work of the counter fraud team is an essential resource in educating all employees and council partners around improve behaviours and activity. Whilst enforcement, detection

and recovery of losses forms an aspect of the service, the proactive work is the most impactful of the roles we deliver.

The Council has high expectations of propriety, integrity and accountability from all parties we interact with. Enabling proactive delivery and application of resources will help deliver consistency, fairness and objectivity across our work. Lessons learned and supportive reviews form part of what the team offers.

The counter fraud team work closely with the internal auditors to share intelligence, support the work on each department and, when appropriate, share resources for the advancement and improvement of specific services or assignments.

The counter fraud plan provides the mechanism through which the Head of Internal Audit can gain assurance around the effectiveness of counter fraud strategies, the level of support and engagement across the council and share lessons learned and promote the improvement should policies contain potential fraud weaknesses.

Counter fraud work is always considered as proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant officers and the audit committee, to ensure it continues to reflect the needs of the Council and add value.

Your Counter Fraud Team

Your counter fraud service is led by Claire Goodenough, Head of Internal Audit & Risk and is supported by Mark Harrison as Counter Fraud Manager. The audit team comprises of two principal investigators, one principal counter fraud auditor and one senior audit/fraud officer. The team of 5.54 full time equivalents is sufficient resource to deliver the counter fraud requirement for 2024/2025. The team is not divided in their delivery and when investigators are not deployed on live investigations, they support the proactive work and information sharing required to improve knowledge, understanding and education.

Conformance with Standards

The PSFA was launched in August 2022 to improve the performance within the public sector for tackling fraud, expanding the breadth and depth of counter fraud knowledge and delivering a unified function to tackle public sector fraud. As part of the 2022/23 work the PSFA has developed professional standards and guidance for investigators and fraud prevention professionals. We have aligned the service with these standards and guidance for 2024/2025 with the aim of sharing practice, being part of the emerging fraud risks arena and providing a high quality service to our communities in reducing fraud in the public purse.

Developing the Counter Fraud Plan 2024/2025

The team used a variety of sources, information and data to inform the development of the counter fraud plan with the aim and objectives of securing council assets, reputation and reduce potential losses.

The areas shown in figure 1, were utilised to inform the delivery plan for 2024/2025.

The later part of 2023/2024 saw the development of a Counter Fraud Representation Group (CFRG) which had membership across all directorates where intelligence, information lessons learned and ways of detecting and avoiding fraud opportunities are discussed.

The team have been proactive in effective communication and held a sharing session with Assistant Directors and above where discussions were used in the formation of the plan. Having clear expectations on zero tolerance to fraud and promoting areas of strong counter fraud performance can have a significant impact upon the culture and behaviour of staff.

During the coming financial year, internal audit and counter fraud will work together to support effective delivery and reduce the impact upon service delivery through one visit with multiple outcomes.

To ensure the plan remains timely and relevant to the changing needs and requirements of the council, work has been arranged so it delivers across the full year and revisits specific events to enable sign posting of improvements and ascertain where further support and guidance may be needed.

Education and continual self-assessment and improvement plays a key role in developing a resilient and confident counter fraud service.

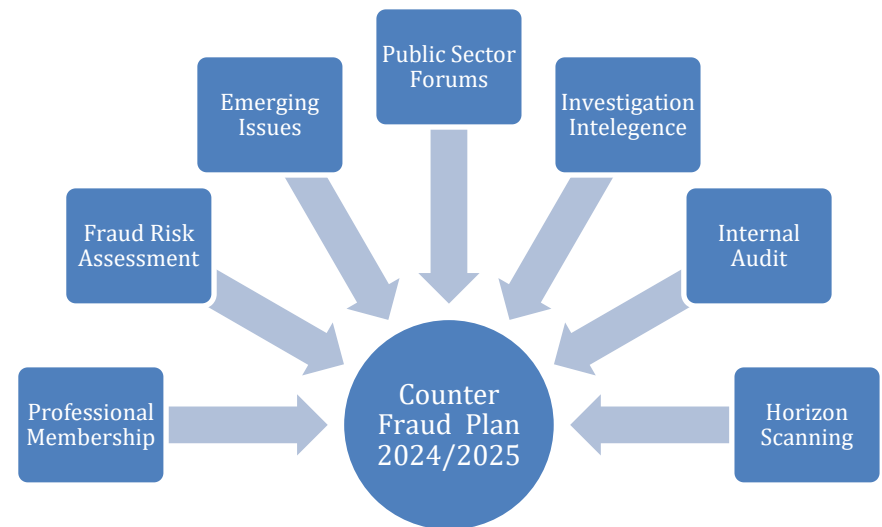


Figure 1

Counter Fraud Plan 2024/25

Project	Expected Impact	Risk Link	High-level Scope	Proposed Timing
Collaboration with Internal and External Partners	The expected impact of our counter fraud team collaborating with internal and external partners is a more coordinated, proactive, and effective approach to combating fraud, leading to improved detection, prevention, and response capabilities, as well as enhanced public trust and confidence in the organization's integrity and accountability.		Collaboration and education, sharing of intelligence and cross pollination of best practice.	Q1/2/3/4
Communication Plan	The communication plan for our counter fraud team plays a critical role in promoting awareness, engagement, and accountability in fraud prevention efforts, contributing to a culture of integrity and resilience within the Council.	Transparency	Re enforcement of the Counter Fraud message	Q1/2/3/4
Expenses	The expected impact of the team's resource in checking expenses is to promote integrity, transparency, and accountability in expense management. this will help to safeguard the Council's resources, reputation and reduce losses. By proactively addressing fraud risks and non-compliant practices, the team contributes to the council's financial health and operational effectiveness.	Financial losses	Ensure public funds are used effectively in line with policy	Q1/2/3/4
Sundry Accounts	From the team checking the controls for sundry accounts it will promote transparency, accountability, and integrity in financial management, thereby safeguarding the council's assets, reputation, preventing losses and long-term success.	Financial losses / Reputational damage	Ensure public funds are used effectively in line with policy	Q1/3
Data Collection	Data collection will enhance the council's ability to deter losses by effectively identifying, assessing, and mitigating fraud risks. By leveraging data analytics to inform fraud prevention efforts, the team can proactively deter potential losses and safeguard the council's assets and reputation.	Financial losses / Reputational damage	Providing good value council services	Q1/3
Procurement and Contract Controls	Conducting counter fraud checks on procurement and contract controls contributes to the council's financial integrity, operational efficiency, regulatory compliance, and reputation, thereby safeguarding resources and fostering trust among stakeholders.	Transparency	Providing good value council services	Q3

Payroll/General ledger	Checking controls on payroll and the general ledger will mitigate fraud risks, ensure compliance with regulations, protect assets, and enhance financial transparency and accountability. By strengthening controls and promoting a culture of integrity, the council can safeguard its financial health and reputation.	Key Controls	Providing good value council services	Q3-Q4
Counter fraud risk assessments	Counter fraud risk assessments play a critical role in identifying, prioritising, and mitigating fraud risk. By proactively managing these risks, the council can protect assets, reputation, and stakeholders' interests, ultimately contributing to long-term success and sustainability.	Fraud Risks	Safeguarding of the public purse from loss	Q1/2/3/4
Whistleblowing Policy awareness	Raising awareness of the whistleblowing policy to promote a culture of transparency, accountability, and integrity across the Council. By empowering employees to speak up about fraud concerns and providing them with the necessary support and protections, the council can strengthen its assurance, prevention efforts and safeguard the adequacy of this work.	Fraud Risks / Reputational Damage	Encourage trust and confidence within the programme	Q1/2/3
Employee Counter Fraud Training	Employee counter fraud training is essential in building a culture of vigilance, integrity, and ownership. By educating employees about the risks and consequences of fraud and empowering them to take action, training helps safeguard assets, reputation, and long-term success.	Fraud Risks / Reputational Damage	Providing good value council services	Q2/4
Continuous development and improvement	The continuous development of our counter fraud team is essential for building a highly skilled, adaptable, and effective workforce capable of addressing the evolving challenges of fraud prevention and detection. By investing in the professional growth and development we can strengthen resilience to fraud risks and protect assets, reputation, and stakeholders' interests. Conduct post-incident reviews to learn from fraud cases and enhance preventative measures adds strength and value across the service.		Providing good value council services	Q1/2/3/4



Open Report on behalf of Andrew Crookham, Deputy Chief Executive & Executive Director of Resources

Report to:	Audit Committee
Date:	25 March 2024
Subject:	Internal Audit Plan 2024/2025

Summary:

The risk based internal audit plan for 2024/2025 is presented to the Audit Committee for approval. The annual plan aims to provide assurance across areas of risk risk/priority for the Council. It considers governance, risk, internal control and current assurance arrangements. The plan is developed with sufficiency to inform the Head of Internal Audit's annual opinion.

Recommendation(s):

1. That the 2024/2025 Internal Audit Plan (IAP) be approved – subject to comments/amendments from the Audit Committee.

Background & Context

The **Internal Audit Plan** (IAP) has been developed with consideration of the key risks and priorities identified for the current year. It is a statement of intent and may be revised and updated during the year to ensure it responds to, and meets, any changing needs.

The audit work performed during 2023/2024 has been used to build upon the Head of Internal Audit's oversight and awareness of governance, compliance, strength of controls and key risk management in operation across each of the Directorates. The range of work covered in the 2024/25 IAP will further inform the statutory compliance as well as provide assurance in areas identified as key risks or significant objectives for the Council. The Head of Audit has deemed this work programme sufficient in its depth and breadth to inform the Head of Audit Annual opinion for 2024/2025.

Conclusion

For the Audit Committee to confirm these arrangements are effective and will provide senior management and the Audit Committee with independent insight into the effectiveness of the control environment and how well the assurance arrangements work in practice. The delivery of a risk-based IAP is essential in ensuring the probity and sufficiency of these systems.

Consultation

Risks and Impact Analysis

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Internal Audit Plan 2023/2024

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Claire Goodenough Head of Internal Audit & Risk, who can be contacted via claire.goodenough@lincolnshire.gov.uk.

Internal Audit Annual Plan 2024/2025

March 2024 Version 1.0



Table of contents

Introduction.....3

Your internal audit team4

Conformance with internal audit standards.....5

Conflicts of interest5

Internal audit plan 2024/20256

Introduction

The Role of Internal Audit

The role of internal audit is that of an:

Independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.'

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities, systems and/or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and

- risk to the achievement of the Council's objectives is identified, assessed, and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Head of Internal Audit can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control, and governance arrangements.

Internal audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant audit sponsors, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through continued contact and liaison with those responsible for the governance of the Council.

Your Internal Audit Team

Your internal audit service is led by Claire Goodenough, supported by Sara Jackson and Matt Waller as Audit Managers. The audit team is separated into two delivery strands; the LCC team which encompasses maintained, prime account schools and academies; and the district team which covers external services provided to five external clients. The LCC team comprises of Sara Jackson, four principal auditors and is supported by several audit seniors. There are currently no vacancies at principal level and one vacancy for an IT specialist.

Conformance with Internal Auditing Standards

The internal audit team is designed to conform to Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In February 2022, CIPFA were commissioned to complete an external quality assessment of the Internal Audit Team at Lincolnshire County Council (Assurance Lincolnshire) against the PSIAS, Local Government Application Note and the International Professional Practice Framework.

In their consideration of the evidence presented, the external assessment team concluded:

“Assurance Lincolnshire partnership’s self-assessment is accurate and as such we conclude that they FULLY CONFORM to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.”

Conflicts of Interest

The internal audit team are not aware of any relationships that may affect the independence and objectivity of the team which are required to be disclosed under internal auditing standards. This remains under review for each assignment prior to allocation of resource.

Corporate Plan

The Corporate Plan for Lincolnshire County Council sets out four key ambitions for what they want to achieve for residents and communities.

These ambitions are:

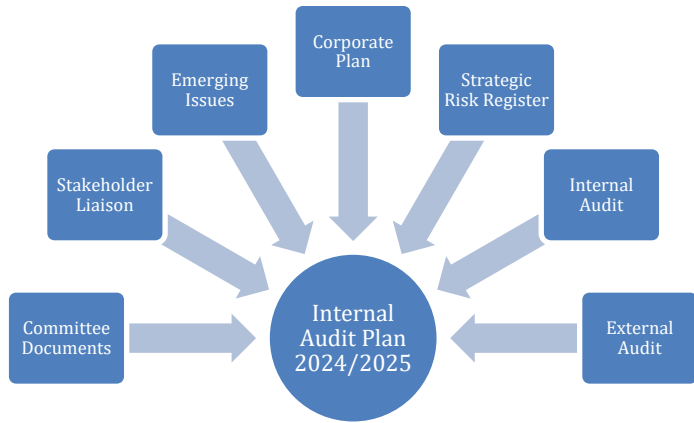
- support high aspirations,
- enable everyone to enjoy life to the full,
- create thriving environments and
- provide good value council services.

The corporate plan acts as a framework for the Council to operate in a way that means they are clear on their ambitions.

The ambitions are underpinned by a range of projects they will achieve to secure their performance. The success framework is supported by key performance indicators to demonstrate performance of services and key projects in Lincolnshire.

Developing the Internal Audit Plan 2024/2025

Internal audit used various sources of information and data to inform the development of the internal audit plan.



In determining the areas of work covered by the internal Audit team, various sources of information, shown in figure 1, are utilised to inform the audit plan. Initial discussions have taken place to ascertain the spread of assurance and the relevance. Further scoping work will be undertaken with Executive directors to ensure we maximise impact and value.

During the year internal audit and counter fraud will work together to support effective delivery and reduce the impact upon service delivery through one visit with multiple outcomes.

Figure 1

In accordance with the Public Sector Internal Audit Standards there is a requirement that internal audit establish a risk-based audit plan to determine the resourcing of the internal audit service, consistent with the organisation’s goals.

To ensure internal audit focus remains timely and relevant to the changing needs and requirements of the organisation, the audit team has moved to a two-stage planning process. This report contains proposed internal audit coverage during quarters one and two with indicative coverage included for quarters three and four. Any amendments to the indicative delivery will be shared with the committee and senior management because of the risk-based approach.

The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation. Internal audit will continue to work closely with other assurance providers to ensure that duplication is minimised, and a suitable breadth of assurance is obtained.

Internal Audit Plan 2024/25

Audit Review	Audit Sponsor	Potential Scope	Risk Link	Link to Corporate Plan	Proposed Timing
Complaints	Executive Director of Resources	Overview of policy implementation, accuracy of reporting and policy adherence.		Support high aspirations	Q1
FOI/SAR	Executive Director of Resources	Overview of policy implementation, responses within statutory periods, training and understanding.		Support high aspirations	Q1
BW - Governance and tracking	Executive Director of Resources	Assessment of application of work arounds, access levels awarded, approval processes, overtyping permissions and audit trails.	Key Controls		Q1
Transparency Code	Monitoring Officer	Application of Transparency Code (2015) requirements and adherence through reporting actions.	Statutory Compliance		Q2
Stock Controls and Organisation	Executive Director Place	Review of ordering, control, application and stock processes for purchases around commercial events - e.g. museums, wedding venues, venue hire.		Providing good value council services	Q2
Contract Management	Executive Director of Resources	Review of revenue contract spend to ascertain the contract decision making processes utilised and assess exemption criteria application and record keeping.		Providing good value council services	Q2
RAAC and Asset Risk Oversight	Executive Director of Resources	Following up on consultancy work undertaken in 2023/24 to review implementation of improved practice, risk application and awareness of potential impacts upon the Council's asset portfolio, safety and wellbeing.		Support high aspirations	Q2

Audit Review	Audit Sponsor	Potential Scope	Risk Link	Link to Corporate Plan	Proposed Timing
Follow Up Reviews.		Evidenced based evaluation for the implementation status of agreed management actions due before July 2024.			Q2
PCI DSS Compliance	Executive Director of Resources	Compliance with the Payment Card Industry Data Security Standard requirements across Council collection services.	Statutory Compliance		Q3
HR Policy Implementation and Impact	Executive Director of Resources	Review impact of HR policy overhaul undertaken c2021, including process delivery, and original scope expectations.		Providing good value council services	Q3
Trading Standards: Vetting Procedures and Application	Executive Director of Adult Care and Community Wellbeing	Review of changes and improvements made to internal and external vetting processes and their application for internal, external and contractual appointments.		Providing good value council services	Q3
Value for Money in Large Contracts	To be Determined	Review of value for money work delivered across significant council contracts exceeding a specified value. (Value to be determined prior to commencement).		Providing good value council services	Q3
Financial Planning in High Demand - School Transport and Market Supply	Executive Director Place & Adult Care and Community Wellbeing	Review of financial planning processes, information sharing and council reporting to support risk reduction incurred in high demand delivery areas.	Market Supply	Providing good value council services	Q3/Q4
Payroll	Executive Director of Resources	Full review of payroll systems, processes and controls following inhouse provision of service and appointment of lead officers.	Key Controls		Q3/4

Audit Review	Audit Sponsor	Potential Scope	Risk Link	Link to Corporate Plan	Proposed Timing
Follow Up Reviews.		Evidenced based evaluation for the implementation status of agreed management actions due before February 2025.			Q4
Contingency - responding to risk-based needs arising in year.		Hold for additional risk-based work arising in year			N/A

Audit Sponsors & Statutory Officers

Chief Executive
Debbie Barnes

Deputy Chief Executive
Andrew Crookham

Monitoring Officer
Will Bell

Executive Director Place
Andy Gutherson

Executive Director of Children's Services
Heather Sandy

Executive Director of Adult Care and Community Wellbeing
Martin Samuels

Director of Public Health
Derek Ward

Executive Director of Resources
Andrew Crookham



Open Report on behalf of Andrew Crookham, Deputy Chief Executive & Executive Director - Resources

Report to:	Audit Committee
Date:	25 March 2024
Subject:	Audit Committee Work Programme

Summary:

This report provides the Committee with information on the core assurance activities currently scheduled for the work plan.

Recommendation(s):

To review and amend the Audit Committee's work plan ensuring it contains the assurance areas necessary to approve the Annual Governance Statement.

Background

1. The work plan, as attached at Appendix A, has been compiled based on the core assurance activities of the Committee as set out in its terms of reference and best practice.

Training and Development Programme

2. An important element of the Audit Committee's effectiveness is maintenance of the skills and awareness of what makes a committee effective. To support this a training programme is developed annual to enable committee members to remain up to date on key issues, wider learning and any developments that impact on Audit Committee and their delivery obligations.
3. Following discussion with the Chairman and Vice Chairman of the Audit Committee the following training and development programme is proposed in table 1.
4. It is proposed that items 1, 2 & 3 are held in one half day session on site to maximise the links between the three important subjects.

Table 1.

Item	Training Event	Intended Aims	Duration	Delivery	Personnel
1.	How to assess effective delivery	To share real aspects of effective delivery of committee objectives and understanding the vital role the committee holds.	1 hour	In person	Claire Goodenough
2.	Risk appetite and context application	Raise awareness of the importance of appetite reporting and the framework in place.	1 hour	In person	Mandy Knowlton Rayner
3.	Counter fraud approach and horizon scanning	Share the approach adopted by the CF team in understanding fraud risks and the approach to improve awareness and compliance.	1 hour	In person	Mark Harrison
4.	Lincolnshire Audit Committee group	Opportunity for district and county council audit committees to meet and share common interest areas.	1 hour	In person	Democratic Services
5.	Feedback on audit reports and areas of interest	Informal discussion on any aspects requiring further information or discussion on deep dive areas to inform the November agenda item.	30 minutes	Teams	Mandy Knowlton Rayner

Conclusion

5. The work plan helps the Audit Committee effectively deliver its terms of reference and keeps track of areas where it requires further work and/or assurance.

Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Work Programme

Background Papers

No Background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Claire Goodenough, Head of Audit and Risk Management, who can be contacted at Claire.Goodenough@lincolnshire.gov.uk

Appendix A - Audit Committee Work Plan

25 March 2024 – 10.00 am		
Item	Contributors	Assurances Required/ Sought
External Audit Strategy – Lincolnshire County Council & Pension Fund 2023/24	Representatives of KPMG	Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.
Statement of Accounts 2023/24 – Accounting Policies	Sue Maycock (Head of Finance – Corporate)	Confirm that the appropriate accounting policies are being applied and understand the impact of any material changes that affect the Council's or Pension fund accounts.
Constitution Review	Nicola Calver (Member Services Manager)	
Risk Management Annual Report – March 2024	Claire Goodenough (Head of Internal Audit and Risk Management) Mandy Knowlton-Rayner (Insurance & Risk Manager)	Seek assurance that risk-related issues are being addressed.
Counter Fraud Plan 2024/25	Claire Goodenough (Head of Internal Audit and Risk Management)	On the overall effectiveness of the Authority's arrangements to counter fraud and corruption.
Internal Audit Plan 2024/25	Claire Goodenough (Head of Internal Audit and Risk Management)	That the Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the Head of Audit opinion. Confirm that the plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year. Ensure that the Internal Audit Resource has sufficiently capacity and capabilities to maintain an effective internal audit function.

17 June 2024 – 10.00 am		
Item	Contributors	Assurances Required/ Sought
Draft Statement of Accounts 2023/2024	Sue Maycock (Head of Finance – Corporate)	Asking questions to confirm the integrity of the Council's financial statements prior to audit/publication. Improving how the Council discharges its responsibilities for public reporting e.g. better targeting at the audience and plain English.
Internal Audit Report & Annual Opinion 2023/24	Claire Goodenough (Head of Internal Audit and Risk Management)	Provides the Committee with the adequacy of the Council's Governance, Risk and Control environment and delivery of the Internal Audit Plan
Information Assurance Annual Report 2023/24	David Ingham (Head of Information Assurance)	
Monitoring Officer Annual Report	Will Bell (Monitoring Officer)	Enables the Committee to consider the Monitoring Officer's Annual Report
DRAFT Annual Governance Statement 2023/24	Claire Goodenough (Head of Internal Audit and Risk Management)	Review the assurance reflected in the AGS and whether it supports the understanding of how the Council is governed whilst in draft form.
Counter Fraud Risk Register	Mark Harrison (Counter Fraud Manager)	Receive an update on the fraud risks facing the Council, the level of exposure arising and how the Council is mitigating these risks.
Lincolnshire Fire & Rescue's Reporting System Migration Update	Mark Baxter (Chief Fire Officer)	Provide assurance on the implementation of the upgrade system and how risks are being managed and whether risks remain to the delivery of public services and community wellbeing.
22 July 2024 – 10.00 am		
Item	Contributors	Assurances Required/ Sought
Internal Audit Progress Report – July 2024	Claire Goodenough (Head of Internal Audit and Risk Management) Sara Jackson (Internal Audit Manager)	Gain an understanding of the level of assurances being provided by the Head of Internal Audit over the Council's governance, risk and internal control arrangements and why. The Internal Audit Plan focuses on the key risks facing the Council and is

		adequate to support the Head of Audit opinion. Confirm that the plan achieves a balance between setting out the planned work (must do's) for the year and retaining flexibility to changing risks and priorities during the year.
Counter Fraud Progress Report – July 2024	Mark Harrison (Counter Fraud Manager)	Receive progress and updates against the plan delivery and report any areas for amendment within the plan.
Risk Management Progress Report – July 2024	Mandy Knowlton Rayner (Risk & Insurance Manager)	Seek assurance that risk-related issues are being addressed and report activity between April – June 2024.
Risk report on the Integration of Health and Social Care including IMT arrangements.	Martin Samuels (Executive Director of Adult Care and Community Wellbeing)	Seek assurance that the integration is progressing, the level of risks being mitigated, and the resultant risks the Council may be exposed to.
Risk report on the Adult Social Care Service Procurement.	Martin Samuels (Executive Director of Adult Care and Community Wellbeing)	Seek assurance on the project plan and implementation of the social care procurement including the quality of mitigations and the level of associated risk the Council may be exposed to.
23 September 2024 – 10.00 am		
Item	Contributors	Assurances Required/ Sought
Approval of the Council's Annual Governance Statement 2023/24	Claire Goodenough (Head of Internal Audit and Risk Management)	Confirm that the final Annual Governance Statement accurately reflects the Committees understanding of how the Council is run.
External Audit Strategy 2023/24 Lincolnshire County Council and Lincolnshire Pension Fund	Representatives of KPMG	Consider the outcome of the External Audit and the appropriateness of management responses. Consider any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

		Consider the proposed Value for Money Conclusion and any matters arising.
Statement of accounts 2023/24 – Lincolnshire County Council & Pension Fund	Sue Maycock (Head of Finance – Corporate)	Ensure that the explanatory forward to the accounts help the public understand the authority's financial management of public funds. Consider the outcome of the External Audit and the appropriateness of management responses. Consider any concerns arising
Risk Management Progress Report – November 2024	Mandy Knowlton-Rayner (Insurance & Risk Manager)	Seek assurance that risk-related issues are being addressed and report activity between July – September 2024.
11 November 2024 – 10.00 am		
Item	Contributors	Assurances Required/ Sought
Draft Audit Committee Annual Report 2024	Claire Goodenough (Head of Internal Audit and Risk Management)	Provide assurance that the Committee has adequately discharged its terms of reference and has positively contributed to how well the Council is run.
Counter Fraud Progress Report – November 2024	Claire Goodenough (Head of Internal Audit and Risk Management)	Receive progress and updates against the plan delivery and report any areas for amendment within the plan.
Strategic Risk – Deep Dive (Selected by the Committee)	Risk Owner	Opportunity for the Committee to hold a risk deep dive into one risk area within the strategic risk register to gain full assurance on the control and mitigation in place.
Horizon Scanning	Claire Goodenough (Head of Internal Audit and Risk Management)	To provide early signs of potentially important developments – identifying potential treats, risks, emerging issues and opportunities.
3 February 2025 – 10.00 am		
Item	Contributors	Assurances Required/ Sought
Internal Audit Progress Report – February 2025	Claire Goodenough (Head of Internal Audit and Risk Management) Sara Jackson (Internal Audit Manager)	Gain an understanding of the level of assurances being provided by the Head of Internal Audit over the Council's governance, risk and internal control arrangements and why.

		<p>The Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the Head of Audit opinion.</p> <p>Confirm that the plan achieves a balance between setting out the planned work (must do's) for the year and retaining flexibility to changing risks and priorities during the year.</p>
Combined Risk Reports	Chief Executive, Executive Directors, and Chief Fire Officer	<p>Understand the level of assurances being provided on the Council's critical systems, key risks and projects and how they link to the Committees role and remit and the Annual Governance Statement.</p> <p>Seeking assurance that they are working well and that any significant risk and issues are being actively managed.</p>
Committee Annual Report 2024	Claire Goodenough (Head of Internal Audit and Risk Management)	Provide assurance that the Committee has adequately discharged its terms of reference and has positively contributed to how well the Council is run.
24 March 2025 – 10.00 am		
Item	Contributors	Assurances Required/ Sought
External Audit Strategy – Lincolnshire County Council & Pension Fund 2024/25	Representatives of KPMG	Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.
Statement of Accounts 2024/25 – Accounting Policies	Sue Maycock (Head of Finance – Corporate)	Confirm that the appropriate accounting policies are being applied and understand the impact of any material changes that affect the Council's or Pension fund accounts.
Annual report for risk management 2024/25	Mandy Knowlton-Rayner (Insurance & Risk Manager)	Seek assurance that risk-related issues are being addressed.
Internal Audit Plan 2025/26	Claire Goodenough (Head of Internal Audit and Risk Management)	That the Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the Head of Audit opinion.

		<p>Confirm that the plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year. Ensure that the Internal Audit Resource has sufficiently capacity and capabilities to maintain an effective internal audit function.</p>
Counter Fraud Plan 2025/26	Mark Harrison (Counter Fraud Manager)	On the overall effectiveness of the Authority's arrangements to counter fraud and corruption.
Counter Fraud Annual Report including Progress Report Nov-Mar	Mark Harrison (Counter Fraud Manager)	Receive progress and updates against the plan delivery and report any areas for amendment within the plan.

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