

**AUDIT COMMITTEE
8 FEBRUARY 2021**

PRESENT: COUNCILLOR MRS S RAWLINS (CHAIRMAN)

Councillors A J Spencer (Vice-Chairman), P E Coupland, A P Maughan, R B Parker and P A Skinner.

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

Officers in attendance:-

Debbie Barnes OBE (Chief Executive), Mark Baxter (Chief Fire Officer), Andrew Crookham (Executive Director Resources), James Drury (Executive Director Commercial), Cheryl Evans (Democratic Services Officer), Glen Garrod (Executive Director - Adult Care and Community Wellbeing), Michelle Grady (Assistant Director – Finance), Andy Gutherson (Executive Director Place), Lucy Pledge (Head of Internal Audit and Risk Management), Jonathan Pocock (Senior Auditor), Heather Sandy (Executive Director of Children's Services), Alastair Simson (Principal Auditor), Jill Thomas (Principal Auditor) and Matthew Waller (Internal Audit Manager).

29 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor A N Stokes.

30 DECLARATION OF MEMBERS' INTERESTS

There were no declarations of interest made at the meeting.

31 MINUTES OF THE MEETING HELD ON 16 NOVEMBER 2020

RESOLVED

That the minutes of the meeting held on 16 November 2020 be signed by the Chairman as a correct record.

32 COMBINED ASSURANCE REPORT

A report was submitted to the Committee on the Council's combined assurance status, with the Chief Executive and each executive director assessing: critical service delivery activities; key risks; key projects; and key partnerships. This provided the Council with an effective framework to assess risk, which in turn would provide an overall assurance level for the Council.

The Chief Executive introduced the report by reflecting on the challenges of the Covid-19 pandemic. Staff had risen to the challenge, both in their response to the pandemic, and by maintaining business-as-usual activity, as far as possible, including the Council's transformation programme. In particular the work of Derek Ward, as the Director of Public Health, and the public health team was acknowledged.

The Chief Executive also highlighted several risks: adult and children safeguarding arising from the reduced levels of home visiting; staffing resilience during the pandemic; the impact of Covid-19 on the management of the Council's budgets; the ability of the market to continue to provide certain adult care and children services; IMT and challenges of expanding the network and its modernisation; and the levels of workforce turnover and sickness.

The Committee recorded its thanks to all the staff who had responded to the challenges of the Covid-19 pandemic.

Responses were made to questions from members of the Committee on the following topics:

- Child and Adolescent Mental Health – In Lincolnshire there was an emphasis on prevention through services, such as *Healthy Minds*, and *Kooth* (an online service), as well as the mental health in schools pilot. Training had been provided to schools-based staff, with both maintained schools and academies participating.
- Recruitment of Staff – For most council posts there were no challenges in recruitment. Areas such as social work, legal services and engineers were cited as areas where recruitment was difficult. Strategies to address this included training being offered to the Council's existing staff; and the smarter working programme was also expected to aid recruitment.
- Special School Provision – Special schools had been in regular contact with the families of pupils of these schools during the pandemic, with offers of support.
- Strategic Risk Management – During 2020 there had been rapid refinement of the Council's risk management processes. Internal structures, which had been in place prior to the pandemic, had placed the Council in a strong position both to identify new risks and to meet the challenges of all risks during the last year.
- Recruitment and Retention of Retained Firefighters – Whilst there were new applicants to become retained firefighters, the challenge was to retain existing staff. It was anticipated applicants for the role would increase as a result of the Covid-19 pandemic.
- Market Supply of Residential Adult Social Care – Nationally there had been reductions in placement into residential care of up to 15% and in Lincolnshire an assessment was being made of the likely effects on the availability of residential care, as opposed to residential with nursing care, as there was an over-supply in Lincolnshire of the latter. The use of alternatives to residential care, such as supported housing and extra care housing, were likely to increase in Lincolnshire. The impact of Covid-19 on residential care homes

had been less in Lincolnshire, although the sector had seen a reduced number of placements, which was attributed to the negative media coverage at a national level. Government support for local authorities in response to Covid-19 had in effect created an artificial financial position for 2020-21. Proposals for the reform of adult social care were expected from the Government during 2021.

- Home to School Transport – The Council had been following the Government's national procurement policy to ensure providers could cover their fixed costs during the pandemic. There had been additional grants from the Government to fund additional home to school transport routes during the pandemic, to remove pupils from busy public transport routes.
- Impact on Families – The Council was still continuing its safeguarding operations, with adequate PPE to maintain home visits. Schools were also active in providing support for families and during the most recent national lockdown were continuing to make safeguarding referrals. The Council was working with all partners to ensure effective safeguarding activity continued.
- Pension Fund – The management of risk was inherent in the operation of the pension fund, and the fund's wide-ranging portfolio of assets had helped to spread and manage risks. Many parts of the global economy were recovering well, and this would be reflected in the investment returns in the most recent quarter.
- Future Funding of the County Council – It had previously been announced that the Government's Fair Funding Review had been deferred by one year. The County Council Network continued to lobby the Government on behalf of county councils. During the Covid-19 pandemic funding from the Government had shifted towards areas of deprivation rather than areas of sparsity. The Council had previously made decisions which had ensured it was in a strong financial position; the offsetting budget pressures by making savings was cited as an example.
- Cyber-Security – Cyber-security would remain an identified risk on the Council's risk register, owing to the nature of ever-changing cyber-threats. The Council monitored and managed these threats. The Council's direction of travel was positive, with the Council's software preventing attacks. Staff were required to complete annual mandatory training on information assurance, which covered cyber-security.
- Impact of Brexit - Brexit continued to form part of the Council's Risk Register. There were a number of sectors in Lincolnshire dependent on import and exports, and whilst there had been localised problems, there had been no significant impact on business closures and employment rates had remained stable. There was no evidence of any problems being reported by hauliers and customs agents.
- Safeguarding Children – With regard to the statement in the report on the medium and long-term uncertainty on any impact on staff capacity, future funding pressures, and placement provision for children in care, reference was made to the unpredictability of the long-term impact of the pandemic on families; the time required to reverse challenges to young people; foster carer recruitment; and the increase in the price of placements for children, with demand outstripping supply.

- Horizon Scanning and Future Expectations – Some of the challenges highlighted in the report would have longer-term impacts, beyond 2021-22. For example, there was uncertainty over the Government's plans for the future funding of adult social care. In future combined assurance reports would explore the emerging risks in more detail.
- High Street Viability – Addressing the issues of the high street retail sector was a matter for further consideration. An announcement was expected from the Government on the 'Town Deal' programme and funding.
- Food Industry Workforce – There had been no significant workforce issues in Lincolnshire as a result of Covid-19.
- Smarter Working – Smarter working was one the projects in the transformation programme, which would consolidate the positive benefits of working from home such as staff having more choice and flexibility on how they worked, with improvements to their emotional wellbeing. Continued investment in IMT and digitalisation would be required. The Council's human resource team had been working with Lincolnshire Partnership NHS Foundation Trust to provide an emotional wellbeing offer to staff.
- Transformation Programme – To challenge and advocate the transformation programme, which included a range of projects, 150 members of staff had volunteered to become *change influencers*. A key role of a *change influencer* would be to assist in embedding the transformation within the organisation and to provide support for their colleagues.
- Recruitment of Fire and Rescue Station Managers – Many fire and rescue services were seeking staff with specialist skills, and Lincolnshire Fire and Rescue was addressing this in part by training its own staff. Across the sector, there were a large number of managers approaching retirement age, so most fire and rescue services were experiencing the same issues. This was being addressed by plans for the career development of management.
- Adult Social Care Collaboration with the NHS – Prior to the pandemic, collaboration with the local NHS had been excellent and this collaboration had continued to develop during the pandemic, which had driven forward collaborative change more quickly.
- Recruitment of Social Care Workers – Large retail organisations were still able to pay higher rates than the County Council could afford to pay social care workers so sufficient capacity to meet need was a challenge. In Lincolnshire providers were collaborating on sharing staff, to address particular shortfalls in some parts of the Council due to Covid-19.
- Payroll Services – The development of *Business World On!* was progressing well, with an anticipated go-live date of November 2021. All staff would receive training on the use of *Business World On!* prior to roll out.
- Investment in Workforce – Investment in the workforce would continue. The aim was to empower staff to be able to perform well, with the necessary IMT support.
- Investment in Strategic Partnerships – It was important for the Council to invest in strategic partners, such as the NHS, district councils, and the Police.
- Corporate Plan – The Transformation Programme would start to have an impact on the delivery of the corporate plan.

- Medium Term Financial Strategy - The agenda for the Council County meeting on 19 February 2021 would include the medium-term financial strategy, which would set out the principles for managing future finances and risks. The strategy, based on current information and trends, had projected the Council's financial position for the next three financial years. Based on this, a deficit had been predicted for the 2022-23 and 2023-24 financial years. Work on addressing the projected deficits would begin during the 2021-22 financial year.
- Internal Audit Resources - To address the staff shortage and challenges in recruitment in the Internal Audit Team, a policy of grow-your-own was being applied. Until these trainee auditors had been fully trained, agency resources were being bought at a higher cost. Different ways of working were also in place to manage resources.
- Internal Audit Opinion – A report would be submitted to a future meeting of the Committee on the latest guidance issued by the Chartered Institute of Public Finance and Accountancy on the Head of Internal Audit Opinion.

The Chairman thanked the Corporate Leadership Team for their attendance at the meeting, and stressed this as a useful meeting for the Committee.

RESOLVED

- (1) That the Combined Assurance Report be noted.
- (2) That *adequate assurance* following consideration of the Combined Assurance Report be recorded by the Audit Committee.
- (3) That all members of staff be thanked for their contribution in their response to the Covid-19 pandemic.

33 WORK PROGRAMME

The Committee considered its forward work programme for its forthcoming meetings. It was noted that the next meeting of the Committee would now be held on 19 March 2021, and the key items of this agenda were highlighted. It was agreed that an item on horizon scanning would be included in the work programme for the meeting on 14 June 2021. An item on the integration of health and social care, including the compatibility of IMT, would be included in the work programme at a later date.

RESOLVED

That the work programme of the Committee be approved, including the above amendments.

The meeting closed at 12.25 pm.