

**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.

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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.

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- 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.

## 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