



**AUDIT COMMITTEE
9 FEBRUARY 2022**

PRESENT: COUNCILLOR MRS S RAWLINS (CHAIRMAN)

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

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

Councillor: M Whittington attended the meeting via Microsoft Teams as an observer

Officers in attendance:-

Debbie Barnes OBE (Chief Executive), Robert Close (Democratic Services Officer), Glen Garrod (Executive Director - Adult Care and Community Wellbeing), Michelle Grady (Assistant Director - Finance), Andy Gutherson (Executive Director - Place) and Lucy Pledge (Head of Internal Audit and Risk Management)

The following officers joined the meeting remotely via Teams:-

Debbie Bowring (Principal Risk Officer), Laura Bargh (Audit Officer), James Drury (Executive Director - Commercial), Matt Drury (Principal Investigator), Heather Sandy (Executive Director - Children's Services) and Ryan Stacey (Assistant Chief Fire Officer)

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor P A Skinner and Mr I Haldenby

2 DECLARATIONS OF MEMBERS' INTERESTS

There were no declarations of interest made at the meeting.

3 MINUTES OF THE MEETING HELD ON 15 NOVEMBER 2021

RESOLVED

That the minutes of the meeting held on 15 November 2021 be signed by the Chairman as a correct record.

4 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, particularly the impact to colleagues in social care and emergency services. Overall, staff had performed admirably and continued to be supported. The Council faced issues of labour shortages, however the willingness of Council staff to be redeployed where necessary allowed for continuity of essential activities. Despite the challenges faced by the Council, the combined assurance document continued to receive substantial assurance with a 4 per cent increase to green assurance and a 1 per cent increase to red assurance.

While responding to the Pandemic and ensuring day-to-day business activities were ensured, the Council continued to achieve the ambitions of its 10-year Corporate Plan. The transformation programme yielded benefits including improvements to Special Educational Needs Services (SEND) resulting in the Council being one of a small number of local authorities which wasn't overspending in its higher needs block. While transformation relating to placement for looked after children within local communities was still in its early stages, it looked promising. Smarter working arrangements had now been launched and colleagues were increasing populating Council Offices.

The Chief Executive also highlighted the risks faced by the Council including the safeguarding of children and adults, business continuity and resilience, which all saw increased assurance because of relaxed Covid-19 restrictions. An area of concern, however, was that of market supply and recruitment of staff because of increased average salaries and wider accessibility of occupations. A Council Workforce Development Board was commissioned to explore mitigation opportunities going forward.

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

- Support and shared working with other local authorities - Lincolnshire was a partner in practice for Children's Services, therefore, separately funded through a ringfenced grant enabling support to other areas of the country. Discussions were currently ongoing to offer support to North East Lincolnshire Council, similar to support offered to a number of other authorities. The Chief Executive was confident that the separate funding ensured Lincolnshire County Council's support wouldn't be to the detriment of its own service delivery. Recent initiatives identified a shared approach to the public health service with North Lincolnshire Council and North East Lincolnshire Council through a piloted Section 113 agreement which could be halted at any time. The Director of Public Health felt strongly that there was indeed capacity to deliver a shared service which would be advantageous to all parties and address the health inequalities currently encountered within the county.
- Smarter Working – Smarter working was launched at the end of January 2022; previous arrangements came under Covid-19 work from home guidance. Therefore, the data

available for analysis limited the effectiveness of a current evaluation. It was expected that, following six months' implementation, a review of the policy's impact would be carried out with staff and unions. While appreciating that some staff couldn't exercise the primary function of their role from home, smarter working arrangements enabled completion of administrative activities remotely. The process to agree work hours and patterns with staff was undertaken through a dialogue with their managers, in line with the demand needs of their customer and community base. Furthermore, managers were encouraged to have supervisions

face to face. Productivity metrics indicated that the Council's staff performed well compared to other similar authorities. Additionally, the efficiencies virtual meetings offered through reduced travel times and costs contributed significantly to the productivity of smarter working. Virtual meeting also presented staff exceptional new staff engagement opportunities.

- Apprenticeships - Within the aspirations of the Corporate Plan, there was a strategic performance target to increase the number of apprenticeships. Challenges to increase the number of apprenticeships included capacity pressures of allocating 20 per cent of time to off the job development and the availability of apprenticeships for particular skills was not always sufficient. Future devolution prospects may allow for a more bespoke apprenticeship approach. The Council had 294 direct apprentices, on various levels, and supported 28 apprentices through the levy transfer scheme to other contractors and providers.
- Elective Home Education - The Council RAG rated families at the beginning of the Covid-19 Pandemic which allowed for closer working with schools, ensuring effective observation of vulnerable children. However, the increase in the number of children who were being electively home education was an area of concern and increased risk. Collaborative work was carried out with schools and frequent visits were undertaken to those children who were being home educated to ensure, as far as possible, children out of school were monitored in line with statutory guidance
- The Social Care Reform White Paper – Social care reform was identified as having the most significant cost implications for the Adult Services directorate due to the reform changes of fair rates of care for price differentials between private social care, which covered 50 per cent of the market in Lincolnshire, and state funded care. Public funded social care, not covered in the white paper, would be addressed through increased Council Tax revenue. Moving forward, the Council would be responsible for managing approximately 20,000 care account each year whereas it currently only managed 10,000. A number of programmes, within Adult Social Care and Finance, were being explored to effectively respond to reforms. The Council must also progress its digital programme to be well placed for future reforms and to ensure robust interdependence with other services and key partnerships.
- Net to gross payments - Substantial monthly progress continued to be made on the debt review programme. With the support of finance colleagues, the directorate had strengthened the existing recovery programme and improved the relationships with operational teams. Changes were made to the debt recovery method which transitioned from a transactionary approach to a more client focussed experience. All debt owing over £25,000, had already been completed ahead of schedule. By the end of March 2022, all debt owing over £15,000 would be completed. The Councils current

ongoing debt didn't far exceed that expected of an authority of this size. Other issues surrounding debt recovery included the Court of Protection, which accounted for £750,000 of the Council's debt, and unnecessary nominal debts which interfered with data. The move from a net payment system to a gross payment system placed the Council in a strong position in preparation for the white paper. All social care providers were contacted before Christmas 2021, 80 per cent had responded. The level of debt was minimal as 74 per cent of providers in Lincolnshire were small to medium enterprises. A new investment in IT, and agreement from the Department for Work and Pensions (DWP), enabled data sharing for financial assessments. Overall, the process for financial assessments had been streamline from 17 weeks to four weeks.

- Hospital Discharge Pathways – Pathway zero currently operated at 70 per cent discharge rate, 15 per cent below the national average, which put pressure on the other pathways. NHS colleagues were working to increase earlier discharge rates to meet the national average. Pathway one went through a peer review in in 2021 which identified seven core actions that, with CCG colleagues and an improvement director, were ongoingly progressed. It was expected that, by April 2022, not only will improvements have been made but the overall position would have been strengthened for winter 2023 and 2024.
- Overprescribing – An agreement had been reached with the four NHS organisations that currently employed Occupational Therapists (OTs) to reorganise those OTs to work collectively to mitigate the over prescription of equipment on discharge. The level of overprescription had since reduced dramatically which made a big difference on the pooled budget.
- Loss of adult social care staff – Prior to Christmas 2021, a dialogue with the Home Office enabled the Home Office to approach people who earn under £30,000 a year and permission to recruit from other European counties was offered. The Council currently needed approximately 230 home care workers to satisfy demand.
- Children's Social Care Lawyers – Recruitment of Children's Social Care Lawyers continued to prove significantly difficult due to the higher private salaries and often challenging and upsetting work.
- Public Sector Auditor Appointments (PSAA) – A decision was due to be taken by Council on 18 February 2022 to determine if the Council opted into the (PSAA) scheme as supported by the Audit Committee.
- Long Term Financial Resilience – The budget proposed to Council on 18 February 2022 made provision to address the volatility of inflation and increasing costs such as home to school transport and the adult care provision. There was an expectation by Government that price and demand increases were met by local Council tax provision. The Council benefited from a long-term savings strategy and a long-term financial resilience with use of reserves where necessary.
- £150 Rebate for Band A to D Council Tax – The Council wasn't expected to be affected by the £150 as the payment would be administered by the billing authority.
- Civil Parking Enforcement – During the Covid-19 Pandemic, civil parking enforcement had to be delivered very differently, as a consequence it was identified as a red risk. Changes in guidance for how to enforce parking was beginning to be received thus the risk related was expected to reduce.

- Place Overall Assurance Level - A number of factors contributed to an increase of eight per cent red risk which included risks related to capital projects, inflationary pressures, commercial pressures, supply chain pressures and Covid-19 related challenges. However, Covid-19 related challenges were decreasing recently. Inflationary pressures were largely out of the Council's control. The Council continued to engage effectively with the market and contractors to create as many efficiencies as possible to ensure that projects were delivered.
- Home to School Transport – The review undertaken by the Council sought to consider the procurement and contract management arrangements. Stakeholder engagement sessions with head teachers and parents would be undertaken within the review should any policy be proposed. There was a view to reach a stage where residents were taking ownership and responsibility of their own travel arrangements rather than being overreliant on the Council's facilities. Moreover, there was a financial saving attached to home to school transport, so efficiencies needed to be identified in that area.
- Waste Management – Waste arisings increased during the Covid-19 lockdown produced challenges. The market for recyclables had always been fairly volatile and could increase or decrease dependant on what materials were sought at the time. A trial of separate card and paper collection was initially conducted in Boston, then subsequently North Kesteven and was due to be rolled out into West Lindsey from April 2022. Separate card and paper collections proved to yield better quality materials at a higher value. As a consequence, each other district councils sought to initiate similar arrangements. The public reaction was generally positive particularly following education from the local authority. Furthermore, public were encouraged to reuse wherever possible. The Council worked with food producers to promote sustainable packaging and producers also faced similar pressure from supermarkets.
- Fly tipping - Fly tipping continued to be a problem, with anecdotal evidence suggesting that the appointments for Household Waste Recycling Centres (HWRC) promoted the use of fly tipping to discard of waste. However, generally, the material fly tipped suggested a commercial origin. District councils continued to work to resolve the issue. The cost burden and expectation of the local authority clearing fly tipped materials could create further problems.
- Tourism – Footfall had increase as a result of relaxed Covid-19 restrictions. International travellers would be depended on factors outside of the Council's control, however its tourism attractions were ready for increased demand. A large profile of activities was planned for Lincoln Castle over the summer to encourage return visitors.
- Children Missing from Education – Children absent from school over an extended period of time were designated as missing from education. Of the 500,000 identified as being absent from schools' registers, the Council wasn't aware of how many were in Lincolnshire because of the difficulty of tracking them throughout the county. There had been a rise in children absent from school registers without a replacement school being identified. This was particularly prevalent in communities of people from other countries and, during the Covid-19 Pandemic, many of those families choose to return to their country of origin while not always informing the authorities. Once all the opportunities the Council had to locate those children were exhausted, those children were passed onto a national team to determine the child's status. Children exiting

mainstream schools through exclusions had seen a significant decrease over recent periods in Lincolnshire. Moreover, there was a move for Children who had been registered as being electively home educated to inform the Council if they moved to other parts of the country.

- Supply Chains and Inflation (Children's Services) – While supply chain issues had been noted recently, the market was beginning to stabilise, and equipment was being effectively procured.
- Business World On – There wasn't currently a deadline date for the complete implementation of Business World On. To ensure efficacy, data from the current system was run through the new system in parallel to identify any errors. This would be undertaken three times, progressively yielding more accurate and efficient results. The Council were currently in the process of completing the second run, after which a live date should be able to be identified.
- The Move Away from Bespoke Systems – Moving forward, if the Council sought to implement any new systems, they would be cloud based and the use of 'off the shelf' products would be priorities. This may mean that the work practices of the Council could have to be altered to accommodate new systems. There was still some application that would require more dedicated and bespoke arrangement.
- Public Services Network (PSN) Compliance – Legacy software was currently impeding the Council's compliance to PSN, however significant progress was being made to resolve this. Some systems still needed to be maintained to support the running of the Council's services. The move to cloud based and 'off the shelf' systems would ensure responsibility would be with the product suppliers.
- Risk Based Fire Inspections – The number of people in the Fire and Rescue Service had increased through a recruitment process and the Service was now fully established. It took two years for those individuals to become fully qualified and experienced enough to take on a complete range of roles. Prior, inspections could be undertaken in lower risk premises, but in order to progress high risk inspections, greater experience was required. It was expected that the risk-based fire inspection would be completed this calendar year despite only having six months' full capacity. Furthermore, high-rise residential building auditing and risk-based inspection were allocated to the first and second halves of the year respectively. Additionally, care homes were also considered high risk because of the risk of Covid-19 outbreaks. As a result, care homes were put on a slippage beyond the Council's control rather than a 12-calendar month timescale.
- Succession Planning – A career pathway was created, particularly for the operational workforce, through earlier qualifications during their careers. Therefore, enabling staff to utilise their time on operational watches to promote an earlier completion of competence and experience level.
- Highrise Safety – It was appreciated that, while not immune, the scale of the risk faced by the Council was different to other authorities. There were approximately 19 high rise buildings within Lincolnshire. Moreover, medium rise buildings made come into scope for safety gateways. The regulations encompassed all residential high-rise buildings, including student accommodations and residential care facilities. Older buildings were retrofitted where appropriate with the support of Planning colleagues.

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.

5 DRAFT AUDIT COMMITTEE ANNUAL REPORT 2021/22

Consideration was given to a report which presented the proposed Annual Report of the Audit Committee for 2021/22 and sought approval for the Chairman to present this report to Council.

The Assistant Director – Finance confirmed that it was now a requirement for the external audit report to be attached to the Chairman’s audit report was a new requirement in line with national guidance.

RESOLVED

That the Audit Committee Annual Report 2021/22 be presented to the Council for approval.

6 WORK PROGRAMME

The Assistant Director – Finance introduced the work programme which provided the Committee with core assurance activities currently scheduled for the 2022 work programme.

The Assistant Director – Finance clarified that work was being done to establish how the new deadline for accounts would be incorporated into the work programme, but a draft statement session was still planned with the Audit Committee in July.

RESOLVED

That the work programme be agreed.

The meeting closed at 12.50 pm

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