

Exempt Minutes of a Meeting of the Audit and Governance Committee held at the Hub, Mareham Road, Horncastle, Lincolnshire LN9 6PH on Wednesday, 11th September, 2024 at 11.15 am.

PRESENT

Councillor Rosalind Jackson (Chairman)

Councillors Stef Bristow, Danny Brookes, Richard Fry, Will Grover and Edward Mossop.

Councillor Carleen Dickinson attended the Meeting as a Substitute.

OFFICERS IN ATTENDANCE:

Christine Marshall	- Deputy Chief Executive (Corporate Development) and S151 Officer
John Medler	- Assistant Director Governance & Monitoring Officer
James Boyle	- External Audit Director, KPMG LLP
Matthew Waller	- Internal Audit Manager, Internal Audit Lincolnshire County Council
Rebecca James	- Scrutiny and Policy Officer
Adrian Sibley	- Deputy Chief Executive, Programme Delivery and SIRO
Mark Surridge	- External Audit Manager, Mazars LLP (virtual)
Laura Allen	- Democratic Services Officer

**33. APPOINTMENT OF INDEPENDENT CO-OPTED MEMBERS:**

The Chairman provided Members with a verbal update on the Appointment of Independent Members to the Audit and Governance Committee.

Members were informed that interviews had been undertaken in Partnership with Boston and South Holland Councils and that the ELDC Audit and Governance Committee's Working Group for the Appointment of Independent Co-Opted Members had agreed not to recruit from the pool of candidates that had been put forward.

The Chairman confirmed to Members that three candidates had applied for the position and two of the candidates had been invited for interview. The Chairman further advised Members that two Working Group Members were present for the first interview and three Working Group Members were present during the second interview.

The Assistant Director – Governance and Monitoring Officer clarified to Members that the recruitment process had been undertaken jointly across the Partnership and that each Council was making its own recommendation from the panel members that took part in the interview process. The Assistant Director – Governance and Monitoring Officer concluded that the recommendation not to move forward and appoint Independent Co-Opted Members to ELDC's Audit and Governance

Committee would require a further recruitment exercise to fill the two vacancies.

Members were advised that the Committee was required to agree three Members that would form the interview panel for the next stage and confirmed that the interview panel had previously consisted of Committee Chairman Councillor Ros Jackson and Committee Members Councillor Stef Bristow and Councillor Edward Mossop. Members were further advised that the interviews were held on 4<sup>th</sup> and 5<sup>th</sup> September 2024 and that Councillor Jill Makinson-Sanders had substituted for Councillor Stef Bristow at one of the interviews.

Members were invited to put their questions and comments forward.

- A Member sought clarification on the decision made as a sovereign Council, particularly in the circumstances where the other Councils were going forward having accepted the recommendation to recruit the two candidates. In response, the Assistant Director – Governance and Monitoring Officer confirmed that each Council would receive recommendations from its individual working groups and would make a decision on whether to appoint.

The Assistant Director – Governance and Monitoring Officer further advised Members that the timing of providing feedback to the candidates was dependent on when Boston and South Holland Councils made their decisions.

- A Member requested whether applications could be accepted on a rolling basis rather than when a post was filled for future recruitment efforts.
- Members discussed the membership of the working group going forwards and suggested appointment of a substitute member in the event that a member of the working group was unavailable to support the recruitment process.

Following which it was,

RESOLVED:

- That the decision of the Independent Co-Opted Members Working Group not to recommend either candidate for appointment be noted.
- That Councillors Ros Jackson, Stef Bristow, Richard Fry and Edward Mossop be appointed to the Recruitment of Independent Co-Opted Members Working Group with three of the four named to constitute the interview panel.

### **34. UPDATE ON INVEST EAST LINDSEY LIMITED:**

Adrian Sibley, Deputy Chief Executive – Programme Delivery presented Members with the Update on Invest East Lindsey Limited report, pages 199 to 286 of the Agenda refer.

Members were referred to Appendices 1 to 3, Statutory Documents which had been adopted and recently updated by the company, the risk register at Appendix 4 and the Internal Audit Action updates at Appendix 5, detailed at pages 207 to 286.

Members were advised that following an earlier audit recommendation, the purpose of the report was to increase Members awareness of the activities undertaken by Invest East Lindsey and to provide comments and feedback for consideration by the Shareholder Supervisory Board at its next meeting.

The Deputy Chief Executive – Programme Delivery further confirmed to Members that the report was based on Invest East Lindsey's role and how it governed its operations whereas the Scrutiny Report which had been undertaken alongside the report had focused on performance. The report was being presented to Executive Board and then to Full Council in October 2024.

The Deputy Chief Executive – Programme Delivery introduced Rebecca James, Scrutiny and Policy Officer who was in attendance to assist with answering Members questions.

Members were invited to put their comments and questions forward.

- The Chairman commented that a target risk had not been highlighted in the report which was considered to be best practice. In response, the Scrutiny and Policy Officer advised Members that feedback would be passed on to the Shareholders.
- In reference to the Shareholders Supervisory Board (SSB), a Member queried whether the provision to report at six weekly intervals had been implemented, page 202 of the Agenda refers. In response, the Policy and Scrutiny Officer advised Members that the SSB had met 8 times in 2023/24 and 7 meetings were scheduled for 2024/25. In addition to that, every six weeks the company provided the shareholders with documents including management accounts, updates on housing, Kingfisher Caravan Park and copies of Board of Directors meeting notes. The Scrutiny and Policy Officer further confirmed that the minimum requirement for the SSB to meet was quarterly and that a gap between meetings experienced in 2022 had been rectified.

- In reference to Paragraph 212, activity of developing and operating a lettings business for a number of ego-lodges, a Member queried whether this was still relevant and whether other business opportunities were being explored, page 235 of the Agenda refers. In response, the Scrutiny and Policy Officer confirmed to Members that the reference to eco-lodges was historic as part of the original business plan and had not been taken forward.
- A Member queried whether the minutes of Invest East Lindsey Meetings were available to the wider Council in view of transparency. In response, the Policy and Scrutiny Officer advised Members that some information may be unavailable due to a commercially sensitive nature. The Assistant Director – Governance and Monitoring Officer further advised Members that reference would be made to what had been agreed in the terms of reference for the Shareholder Supervisory Board and that normally the information provided to Members was on a need to know basis depending on their roles in each Committee.
- A Member further queried whether the Audit and Governance Committee was comfortable that information held by the SSB was an appropriate mechanism for reporting back to full Council. In response, the Assistant Director – Governance and Monitoring Officer confirmed that further examination of the terms of reference and the role of the Committees and the basis for sharing confidential and exempt information would be required to determine the extent of information that was made available.
- A Member provided an example of the type of information that should be made available and queried the impact on the time and resources of ELDC where officers were supporting Invest East Lindsey in a volunteer capacity. In response, the Section 151 Officer assured Members that there were no strategic risks from Invest East Lindsey having an impact on the rest of the organisation and that any risks would be included ELDC's risk register if there was a risk to the authority.

The Section 151 further advised on the roles of what the Committee could examine and reminded Members that a need-to-know basis was set out in law regarding what information Members were entitled to and that this was largely dependent on their roles and the rules of the Committees they supported.

- A Member sought clarification on whether workload concerns referred to the time officers spent without remuneration from assisting with Invest East Lindsey and furthermore the impact this work undertaken had on their duties at ELDC. In response, a

Member confirmed this was the concern being highlighted and further commented that a non-operational risk was perceived for the officers involved in two separate organisations.

In response, the Section 151 Officer assured Members that Managers had the ability to escalate capacity issues in circumstances where officers' time was impacted by Invest East Lindsey and that additional resources could be requested. The Section 151 Officer further confirmed to Members that capacity was a management issue and would fall within the remit of the Executive Board to determine whether there was undue risk or that issues were a result of the Councils involvement in Invest East Lindsey.

- In relation to transparency, the Chairman queried whether parts of future reports could remain in the public domain or with the inclusion of exempt appendices. In response, the Scrutiny and Policy Officer informed Members that an annual report was being presented to Executive Board and a twice-yearly report to Audit and Governance, and that the level of information publicly shared would be examined before future reports were published.
- The representative from Mazars LLP queried whether the report signified the completion of a set of internal audit recommendations. In response, the Deputy Chief Executive – Programme Delivery confirmed that was correct.
- The representative from Mazars LLP further queried the absence of a reference in the report to non-compliance with the Companies Act and explained that it was the role of the Committee in terms of the consolidated financial statements for understanding the implications of qualified modified accounts in the subsidiary at group level. In response, the Deputy Chief Executive – Programme Delivery clarified to Members that the report was focused on highlighting the role of Invest East Lindsey and how the company managed its affairs.

In follow up, the representative from Mazars LLP confirmed that his query was not related to the financial position but was referring to the role of the company directors to comply with the Companies Act. In response, the Deputy Chief Executive – Programme Delivery asked for further clarification of the response required to be made following the Meeting.

The Section 151 Officer advised Members that an update was provided as part of the audit close-down process and that a copy would be provided to Mazars LLP.

- Matt Waller, Internal Audit Manager sought clarification on whether Paragraph 5.14 referred to internal audit reports that would come to the Committee or the shareholders board, page 214 of the Agenda refers. The Internal Audit Manager further commented that there was a reputational risk to ELDC because the public perceived Invest East Lindsey and ELDC as the same entity.
- A Member spoke in support of recognising the reputational risk to ELDC from the Council's association with Invest East Lindsey.
- A Member highlighted the reputational risk from other Council undertakings and requested an update on progress with the Kingfisher Caravan site and the owners group. In response the Deputy Chief Executive – Programme Delivery confirmed that a legal process was underway and further comments could not be made at this time.

No further comments or questions were received.

Following which it was,

RESOLVED:

- That the content of the report be noted;
- That comments/feedback be provided for consideration by the Shareholder Supervisory Board at its next meeting.

The Meeting closed at 1.37 pm.