

# Minutes

Governance and Audit Committee  
Wednesday, 21 July 2021 – 1.00pm



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL

**Council Chamber – South  
Kesteven House, St. Peter’s Hill,  
Grantham. NG31 6PZ**

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## **Committee Members present**

Councillor Ian Stokes (Chairman and Vice-Chairman of the Council)  
Councillor Ashley Baxter  
Councillor Penny Milnes  
Councillor Jacky Smith  
Councillor Mark Whittington  
Councillor Sue Woolley

## **Cabinet Members present**

Councillor Nick Robins (Cabinet Member for Planning and Planning Policy)  
Councillor Adam Stokes (Cabinet Member for Finance and Resources)

## **Members in attendance**

Councillor Charmaine Morgan

## **Officers**

Interim Director of Finance and Section 151 Officer (Richard Wyles)  
Director of Growth and Culture (Nicola McCoy-Brown)  
Strategic Director of Commercial and Operations (Gary Smith)  
Assistant Chief Executive (Ken Lyon)  
Head of Finance (Alison Hall-Wright)  
Head of Democratic Services and Deputy Monitoring Officer (Graham Watts)  
Governance and Risk Officer (Tracey Elliot)  
Acting Principal Democratic Officer (Shelley Thirkell)  
Health and Safety Officer (Phil Swinton)  
Project Lead (William Tse)  
Local Government Association Graduate (Alice Atkins)

## **Internal Audit**

Lisa Smith (RSM)

#### **14. Apologies for absence**

Apologies for absence were received from Councillors Gloria Johnson and Paul Wood. Councillor Penny Milnes had been appointed as a substitute for Councillor Paul Wood.

#### **15. Disclosure of interests**

No interests were disclosed.

#### **16. Minutes of the meeting held on 9 June 2021**

The minutes of the meeting held on 9 June 2021 were proposed, seconded and agreed as a correct record.

#### **17. Updates from previous meeting**

Updates from the previous meeting were noted and it was reported that the item on the Risk Management Framework 2021 – 2023 had been considered at the meeting held on 9 June 2021.

#### **18. Planning Service Review - Progress Report**

The Cabinet Member for Planning and Planning Policy introduced a report which provided an overview of a review of the Council's Planning Service undertaken by a public sector advisory company called Cratus. Cratus had conducted a total of 26 interviews with staff, Members and key external stakeholders. In addition, written representations were received to supplement the process.

A copy of the final report developed by Cratus on the outcomes of the Planning Service review was appended to the report, which contained 29 recommendations and recognised the importance of planning as a critical component in supporting economic growth and unlocking future prosperity of local communities. The recommendations focussed upon several areas, which included:

- embedding good practice in the operational (officer) delivery of the service;
- identifying areas where change to the protocols and functioning of the Planning Committee were likely to be beneficial;
- highlighting opportunities to invest in technology and communication to help improve the service.

An internal project team had been deployed to engage with the Planning Service, Members and Cratus to develop an Action Plan, as appended to the report, to scope out and begin progressing the implementation of the recommendations contained with the final report.

The Cabinet Member highlighted that some of the recommendations, particularly in relation to protocols associated with the Planning Committee and potential changes to its scheme of delegation, would require constitutional amendments. In view of this, it would be necessary for the Constitution Committee to consider these implications

prior to a final decision by Full Council on any constitutional changes as a result of the review.

A question was raised as to whether the final report would be presented to the Council's Planning Committee. It was noted that Members of the Planning Committee would have an opportunity to consider the final report, but only in the capacity as a consultee, with the Constitution Committee being the appropriate body to formally consider the constitutional implications and make any recommendations to Full Council.

The following points were made during debate:

- this meeting of the Governance and Audit Committee had been the first opportunity for elected Members to consider the content of the final report of this review at a public meeting of the Authority, although it was made publicly available in November 2020;
- there had been limited opportunities for Members to consider the outcomes of the report, whether formally or informally. Two informal workshops held this week had been the first real engagement with all members since receipt of the final report;
- the recommendations contained within the final report impacted the ability of local Members to be involved in the planning process;
- currently, any Member had the ability to 'call in' an application for consideration at the Planning Committee if they had a valid planning reason to do so. It was important that this function remained in place.

In response to comments raised, the Assistant Chief Executive confirmed that all elected Members had been invited to a briefing in October 2020 upon receipt of the final report from Cratus and that notes from that meeting could be shared. There had been a series of informal engagement sessions with the Planning Committee and other Members, as outlined in the report.

A member questioned how the impartiality of Cratus had been assessed. It was reported that Cratus had been chosen due to the significant expertise within the team that led the review, which included experience of local authority planning that could add real value as an independent and external review of the Council's processes. In response, a Member having undertaken their own research highlighted that Cratus, as part of its business, offered advice to developers on how to approach Planning Authorities as part of their proposals and applications. It was queried, therefore, whether Cratus had a conflict of interest. The Assistant Chief Executive reiterated the local government experience that existed within the team Cratus had put in place to conduct the review, which he stated had been conducted impartially. It was also outlined that the team conducting the review included the former Chief Planner for the Ministry of Housing, Communities and Local Government, who had offered a significant amount of input during each phase of the review.

A further question was asked which sought to confirm how recommendations contained within the final report, some of which had already been actioned, could be actioned without any approval from a body of the Council. It was noted that most actions within the operational section of the final report reflected improvements which

could be made within the delegated authority that officers already had in accordance with the current scheme of delegation.

A question was raised as to how the Council monitored consultation with the Planning Committee. Officers would ensure that the outcomes of any such consultation would be shared with Members of this Committee and that the wider team would provide update reports as frequently and in whatever format as the Committee required.

Clarification was sought as to why the processes and protocols section had been excluded from consideration at this meeting. It was noted that the appropriate body for considering those elements of the review was the Constitution Committee.

A member questioned how this Committee would be advised of changes made prior to consideration of the final report by the Constitution Committee. Officers committed to ensure that reports continued to be circulated to Members of this Committee in order that the Committee was kept up to date on progress made.

A member asked what assurance could be given that the Council had received value for money from this review and the final report, querying the quality of the document and its outcomes, stating that the recommendations should show more consideration to benefitting residents.

During further discussion on the content of the final report, the following comments were raised:

- the tone and wording used in the final report was patronising and inappropriate and there were elements of the commentary and recommendations which evidenced a lack of understanding of the Council's Constitution;
- the quality of the final report was questionable;
- recommendations 3, 7, 8, 9, 10, 14, 15, 16 and 20, if implemented, would require a complete re-write of the Council's Constitution and at no stage of the review had the Constitution Committee been engaged;
- recommended changes to the current 'call in' process were concerning, particularly when taking into consideration that Grantham did not have a Town Council;
- public consultation should be undertaken to seek the views of residents on the recommendations being proposed.

#### **DECISION:**

**That the Governance and Audit Committee, in noting the receipt of the Planning Service review and work progressed to date:**

- (1) Notes the Action Plan.**
- (2) Notes the planned engagement with Members ahead of any formal reports to relevant Committees.**

### **(3) Receives an update report in three months.**

#### **19. 2020 - 2021 Draft Statement of Accounts**

The Head of Finance presented a report which provided the Governance and Audit Committee with the opportunity to review the draft version of the 2020/21 Statement of Accounts, a copy of which was appended to the report.

It was reported that the proposed public inspection period would begin on 3 August 2021 and would continue until 13 September 2021. During this time members of the public could exercise their right to inspect the accounts.

The narrative report section of the Statement of Accounts provided a guide to the most significant matters, which the Head of Finance highlighted and presented at the meeting. This explained the Council's financial position and assisted in the interpretation of the accounting statements. It provided information about the district, including issues and challenges affecting the Council and its accounts, the political composition, the ambitions of the Council and an overview of the many achievements that had been made to improve the quality of life of the residents, businesses and visitors.

The Governance and Audit Committee was also invited to consider the Annual Governance Statement, which accompanied the Statement of Accounts and was an open and transparent reflection of the effectiveness of the Council's system of governance, risk management and internal control, including performance across all its activities.

A question was raised as to the inclusion of the value for money statement. It was noted that this was a key part of the external audit Annual Governance Report. This would be drafted following the completion of the audit of accounts and would be presented to the Committee at its September meeting.

Discussion ensued on the Government's business support grants and a question was asked as to whether the Council had allocated all of the grant funding it had received. The Head of Finance explained that there were different schemes of grant funding introduced to support businesses during the Covid-19 pandemic. All of the mandatory grant funding issued to South Kesteven District Council had been passed on to those eligible business who had applied. In terms of the discretionary grant, a number of schemes had been set up to support specific businesses who were ineligible for the mandatory grant scheme. Funding associated with the discretionary grant scheme did not have to be allocated until 31 March 2022.

Confirmation was sought as to those posts included in note 12 of the draft statements which set out remuneration of senior employees and why Assistant Director posts had not been included. It was reported that this section only specified remuneration at Director level or those statutory officer posts.

A question was asked in relation to termination benefits and whether a full year's salary had been allocated as part of an exit package in one or more instances on the table outlined in note 13 of the draft statements. It was noted that the amounts

included in specific exit packages would differ depending upon their individual circumstances, so it was not possible to provide confirmation in response to the question.

A member asked where the same termination benefit information was shown for staff from InvestSK. It was reported that InvestSK, as a company, would publish its own accounts so this information would not feature in the District Council's Statement of Accounts.

Further points of clarity were requested in relation to Gravitax and St Martin's Park which the Head of Service provided, highlighting the relevant sections of the Statement of Accounts.

In respect of the Annual Governance Statement, a member highlighted that no reference had been made to some key elements such as the Council's ambition to building leisure centres and referral to the Regulator and Health and Safety Executive, St Martin's Park or the three companies solely owned by the Council. The Council's Interim Director of Finance and Section 151 Officer explained that the Annual Governance Statement was compiled in accordance with the CIPFA and SOLCE framework and contained information that evidenced demonstrated how the Council adhered to the principles of the framework. The aspects covered in the statement were therefore not an exhaustive representation of the Authority.

#### **Decision:**

#### **That the Governance and Audit Committee:**

- (1) Notes the draft Statement of Accounts 2020/21, including the Annual Governance Statement, prior to the commencement of the external audit.**
- (2) Delegates authority to the Interim Director of Finance and Section 151 Officer, in consultation with the Cabinet Member for Finance and Resources and the Chairman of the Governance and Audit Committee, to accept the External Audit Plan and complete the necessary audit risk assessment in readiness for the audit.**

## **20. Internal Audit Follow Up Report**

Consideration was given to a report which provided an update on the implementation of Follow Up 1 and Follow Up 2 management actions that were reported as part of the Internal Audit Annual Report on 9 June 2021.

Of the 24 actions agreed, 15 had been confirmed as completed or no longer necessary, equating to 62%. Seven actions had not yet been implemented, with four of these relating to the GDPR review and the remaining three consisting of one medium priority and two low priorities. It was reported, however, that the Internal Auditors were confident that all outstanding actions would be completed within satisfactory timescales.

A question was raised as to why it had taken so long to progress some of the actions. It was noted that the timescales associated with the actions were reasonable, particularly those relating to GDPR which were significant and complex to ensure that things were properly in place. In terms of the data disposal module, the Council was awaiting installation of the module itself which had caused a slight delay in respect of that action.

Discussion ensued on Civica in respect of Freedom of Information requests, but it was reported that Civica was a corporatwide system. A report had been presented to the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee earlier in the week in respect of the Council's complaints procedure which superseded the work outlined in the report, highlighting that there may be other systems available which were more suitable for the Council.

It was noted that no priority score had been allocated to the action in relation to sheltered housing, however, this particular action was due for completion within the next ten days in any case.

**Decision:**

**The Governance and Audit Committee noted the implementation of the actions from the two Follow Up reviews completed during 2020-21.**

**21. Internal Audit - Progress Report**

Consideration was given to a report which provided an update on progress made against the internal audit plan for 2021/22 as agreed by the Governance and Audit Committee on 18 March 2021.

Two changes to the 2021/22 internal audit plan had been requested by management since the last meeting of the Committee. Following some additional work to provide management with assurance that previously agreed actions relating to cash handling had been implemented, it was agreed that an audit of 'income and banking' be undertaken which had been added to the plan. In addition, the 'repairs stock' item had been removed as the Council no longer held stock.

The Chairman queried the performance of local land charges. It was noted that the previous meeting of the Governance and Audit Committee had referred this matter onto the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee for consideration.

In terms of the audit plan itself, the Chairman asked whether there was sufficient time to undertake the number of audits it comprised of when taking into account some significant items that were included. An assurance was given that there was sufficient time to deliver full audits on all activities scheduled in the plan.

An update was provided on the Disabled Facilities Grant and, overall, it was found that the controls in place were adequately designed and operating effectively. Testing

had confirmed compliance with all controls and, as a result, no management actions were raised.

A question was raised whether the specification of the Disabled Facilities Grant audit was appropriate, with an assurance sought that funding was being properly and efficiently allocated every year. It was reported that a full scoping was developed at the outset of the audit which did challenge management on key areas of the scheme. Members expressed concerns that the budget was consistently underspent and part of the audit should have led to understanding why this was the case. The opinion from the perspective of customers going through the process should also have been sought in terms of their experiences and the timescales involved from applying for the grant to improvements being installed in their homes. It was also suggested that procedures of other local authorities should have been used to inform the audit. It was agreed that these comments would be taken away and given due consideration for similar audits undertaken in the future.

In terms of corporate complaints, the update highlighted and confirmed issues with the current complaints system as discussed at a recent meeting of the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee. A member challenged the 30 September 2021 target date timescale as being optimistic but it was noted that a report would be submitted to the Governance and Audit Committee at its September meeting.

Reference was made to ten control areas set out in the report at page 220 of the agenda pack, noting that of ten control areas five were non-compliant, with those non-compliant control areas being categorised as two low priorities and three medium priorities. It was reported that this was the first time the Council had worked together with RSM on a continued assurance basis and that this had been a useful piece of work, identifying and confirming where improvements were needed but also highlighting those other areas that had stood up well to their testing. The Interim Director of Finance and Section 151 Officer reminded the Committee that the Council had specifically identified areas to be reviewed as officers were aware of potential concerns which would need highlighting and addressing, so it was expected that there would be a degree of non-compliance in some areas. Identifying where improvements were needed would be extremely helpful as a result of this work in helping address and improve the issues.

Confirmation was sought as to the definition of 'new starter'. This related to new South Kesteven District Council employees and did not include contractors or sub-contractors. In respect of supplier bank accounts, a question was asked as to whether this related to new suppliers during the Covid-19 pandemic or regular suppliers of the Authority. It was confirmed that this related to regular suppliers, however, new processes had been in place since June 2021 to address the issues outlined as part of the audit.

**Decision:**

**The Governance and Audit Committee noted the progress made against the internal audit plan for 2021/22.**



## **22. 2020 - 2021 Treasury Management Annual Report**

The Head of Finance presented a report which provided the Governance and Audit Committee with the details of the Council's treasury management activity for the financial year 2020/21.

The Council was required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and performance against prudential and treasury indicators for 2020/21. The report met the requirements of the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

Officers were complemented on the great work undertaken in this area during extremely volatile financial conditions. It was noted that the Council's Finance, Economic Development and Corporate Services Overview and Scrutiny Committee had also been reviewing the Council's finances, which had confirmed good cashflow forecasts throughout the year.

A question was raised regarding external borrowing, with the Council's approach being to borrow internally where possible on the basis that this could only be a short term solution.

### **Decision:**

**That the Governance and Audit Committee approve the content of the annual report on the treasury management activity for 2020/21.**

## **23. Outturn Position Report 2020 - 2021**

The Interim Director of Finance and Section 151 Officer presented a report which provided the Governance and Audit Committee with details of the Council's outturn position for the financial year 2020/21 and covered the general fund revenue budget, the housing revenue account budget and capital programmes relating to the general fund and housing revenue account.

From a financial perspective it was noted that 2020/21 had been the most turbulent year for many years and one that had proved extremely challenging. The Council had responded in many ways, including the formation of Covid-19 financial impact reports that tracked and monitored the situation throughout the year. This culminated in an amended budget approved by the Council on 17 September 2020 which set out the budget allocations that required re-basing and showed in detail the full extent of the potential deficit the Council was potentially exposed to, based upon a range of scenarios and in the absence of mitigating actions being implemented. The budget report also confirmed that the Council's budget stabilisation reserve had not been required to balance the financial year. This reserve was further bolstered by specific allocations to it as part of the budget framework proposals for 2021/22 that were approved by Council on 1 March 2021.

The Interim Director of Finance and Section 151 Officer took members through the report, which captured the volatility that ensued throughout the year and highlighted

the changes that had occurred together with the nature and level of grants that had been allocated directly to the Council to support its financial stability. It also set out details of the grants that were administered by the Council for its residents and businesses throughout the year. It was noted that the variance and explanatory information contained within the report was based on the comparison between the amended budget and the outturn rather than the original budget that was set in March 2020.

In presenting the report, members noted the update position in relation to:

- general fund revenue budget amendments;
- general revenue outturn position;
- removal of accounting adjustments;
- general revenue outturn position, excluding accounting adjustments;
- specific Covid-19 grants 2020/21;
- general fund significant income streams;
- general fund capital programme;
- general fund reserves;
- housing revenue account revenue outturn position;
- housing revenue capital programme;
- housing revenue account reserves.

With regard to the housing new build ambition, a concern was expressed that construction costs had increased significantly as a result of the Covid-19 pandemic and whether, in view of this, the reserves would be sufficient to fund the programme. Confirmation was provided that the capital budgets were costed before any increases in such costs and, therefore, there was a risk that the budget allocations may be insufficient. In this scenario, Members would need to consider whether the programme required amending accordingly.

In reference to £200,000 in the general fund reserves in respect of the 3G football pitch, a question was asked as to whether this was for The Deepings. Members were informed that this allocation was for the Meres Leisure Centre in Grantham in response to a requirement of Sport England for the Council to have a sinking fund in place. The provision of a 3G football pitch for The Deepings was included in the Capital Programme for 2021/22.

**Decision:**

**That the Governance and Audit Committee:**

- (1) Approves the revenue and capital outturn report and associated appendices for the financial year 2020/21.**
- (2) Approves the proposed reserve movements as set out in the report.**
- (3) Notes the budget carry forwards to be included into the 2021/22 budget framework as set out in Appendices D and H.**

## **24. Health and Safety Annual Report 2020 - 2021**

The Strategic Director for Commercial and Operations presented the Council's Health and Safety Annual Report 2020/21 which provided an overview of the Authority's management of health and safety arrangements to its customers, employees and Members. The report also summarised the progress made and identified key areas of focus to ensure that the Council maintained its health and safety performance.

A copy of the Health and Safety report was appended to the report and demonstrated that the Council's performance in relation to health and safety had been very good during the period of the report. It also showed the Council's commitment to safety during the pandemic and the measures taken to protect the health and safety of those who could be affected.

A small increase in the number of accidents had occurred, as detailed in the report. Whilst the focus was on reducing accidents, wherever possible, it was recognised that accidents were likely to happen in organisations of the size and in nature as the Council. Members were reminded that the Authority provided a varied range of services, some with inherently higher risk activities and in challenging and changing environments.

It was reported that key areas for focus next year were:

- completion of a planned risk assessment audit;
- continued monitoring and review of Covid safety procedures;
- provision of training to increase risk recognition and reduction.

The procedures and safety assessments produced by the Council over this period had remained under regular review to restrict service interruption to a minimum, whilst not compromising the safety, health or welfare of customers, staff or Members. The Authority also continued to support significant numbers of staff to work from home whilst reviewing and monitoring the use of all operational buildings.

A Member queried what impact staff working from home had placed upon the requirement to complete a workstation self-assessment form and whether this affected the Council's corporate insurance. The Strategic Director, Commercial and Operations, explained that the requirement was still placed on employees to undertake a self-assessment and complete the necessary paperwork. Guidance was provided to all members of staff working from home on how to carry out this assessment, the outcomes of which were managed via service managers and the Health and Safety Team as usual. The obligation from an insurance perspective was that these assessments were taking place, which they were.

Discussion ensued on the uniform and protective equipment issued to waste collection staff, particularly footwear and the sufficiency of their tread. It was noted that regular checks of footwear and other protective clothing or equipment were made and new provisions were issued as and when it was necessary.

A question was raised regarding a relatively recent accident that had occurred in the Council Chamber and when remedial action would be taken. Members noted that the

relevant service area had been contacted, with measures due to be put in place prior to the next meeting of Full Council in September.

**Decision:**

**That the Governance and Audit Committee notes the Health and Safety Annual Report for the period 2020/21.**

**25. Any other business, which the chairman, by reasons of special circumstances, decides is urgent.**

There were no other items of business.

The meeting closed at 16:16.