

# Meeting of the Governance and Audit Committee



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL

Wednesday, 8 June 2022, 2.00 pm

---

## Committee Members present

Councillor Paul Wood (Chairman)  
Councillor Kaffy Rice-Oxley (Vice-Chairman)  
Councillor Ashley Baxter  
Councillor Ian Stokes  
Councillor Gloria Johnson

## Cabinet Members

Councillor Adam Stokes, Deputy Leader of the Council and Cabinet Member for Finance and Leisure

## Officers

Richard Wyles, Chief Finance Officer  
Alison Hall-Wright, Assistant Director of Finance  
Tracey Elliott, Governance and Risk Officer  
Lucy Bonshor, Democratic Officer

---

### 1. Apologies for absence

Apologies for absence were received from Councillors' Dixon-Warren and Woolley.

### 2. Disclosure of interests

No interests were disclosed.

### 3. Minutes of the meeting held on 20 April 2022

The minutes of the meeting held on 20 April 2022 were proposed, seconded and **AGREED** as a correct record subject to the removal of the duplication of the Chairman, Councillor Paul Wood in the attendance list.

### 4. Updates from previous meeting

A question was asked about whether the Scrutiny Review undertaken the previous year was part of the Delivering Good Governance External Review, it was stated that this was a separate issue.

## 5. Counter Fraud Annual Report

The Chief Finance Officer presented the Counter Fraud Annual Report for the year 2021/22. The overarching framework had been updated and agreed by the Committee in January 2022. The framework included the following:

- Counter Fraud Strategy,
- Counter Fraud and Anti-Corruption Policy
- Whistleblowing Policy
- Fraud Response Plan
- Anti-Money Laundering Policy

The Chief Finance Officer drew Member's attention to the Whistleblowing part of the report. The Confidential Reporting Line was managed on behalf of all the districts by the Lincolnshire Counter Fraud Partnership. Some Districts promoted it heavily through their website such as South Kesteven, whilst other Districts had their own local arrangements and this was reflected in the volumes that went through the confidential Reporting Line as different districts had different routes for Whistleblowing. It was noted that there was a reduction in calls by about a third on the previous year for South Kesteven.

All referrals went directly to the Governance and Risk Officer as part of her role and were dealt with accordingly, based on the information provided. Member attention was drawn to paragraph 4.5 of the report which gave a breakdown of the type of allegations received for South Kesteven for 2021/22. As a housing authority 41% of allegations were in relation to housing stock, this did not apply to districts such as East Lindsey and Boston as they did not hold housing stock and highlighted some of the discrepancies between the figures reported.

Reference was then made to the fuel theft which had received a lot of media coverage. Whilst the Police investigation had taken place the Council had been asked not to discuss the matter in public. Following the conclusion of the police investigation a summary of the allegation, the investigation and actions implemented were detailed in the report. Seven actions had been implemented as a result of the whistleblowing investigation, where the internal framework had failed and the mitigations that had been put in place and the lessons that had been learnt from the incident. These were highlighted and detailed within the report together with the financial penalty given to the individual.

The other piece of work that the Council participated in was the Lincolnshire Counter Fraud Partnership (LCFP) which was hosted by Lincolnshire County Council. All Lincolnshire District authorities gave a financial contribution to the partnership which oversaw and jointly collaborated with all the districts in Lincolnshire to share good practice, and share resources on counter fraud initiatives.

The area that the LCPF had most input into was the review of the single person discount in respect of Council Tax liability which gave a 25% financial reduction in Council Tax. It was a self-declaration which could be exposed to potential fraud where people made a declaration which was not appropriate. A review of the single

person discount was carried out regularly across Lincolnshire which had a financial advantage to all partners, particularly the County Council who were in receipt of nearly 80% of the Council Tax liability. Different types of Information were joined up such as credit cards, utility bills to check that there was not more than one occupant in a property which generated a gross revenue of £983k.

The Council also took part in the Government's National Fraud Initiative which was a central and proactive piece of work that involved data matches and finding discrepancies between information held by the Council and other data registers and data bases.

The other areas dealt with Housing Benefit and the Council Tax Support Fund where fraudulent cases were identified through whistleblowing or through the DWP where benefits were being claimed that the recipient was not entitled to have. Members attention was drawn to the table at 8.2 where the number of cases and the amount recovered was shown.

Other work that had been undertaken during the year involved Test and Trace Support Payments and the risk of fraudulent claims, the processes put in place which included spot checks, investigations and interventions to check that only the recipient claimed the money. Another area was Business Rate Relief where the Government was giving money to help communities deal with the pandemic. The expanded Business Rates Retail Discount had been applied for the years 2019/20 and 2020/21 to eligible businesses to help during and following the pandemic. Anti-fraud initiatives were put in place to stop any misuse of the monies given and any inappropriate claims made.

The end of the report detailed the Counter Fraud Action Plan for 2022/23 which continued the work that routinely was undertaken in respect of Counter Fraud with exception of those actions put in place in respect of the pandemic.

The Chairman thanked the Officers for the report and the detail on the fuel theft. He referred to the chart on page 15 and asked for more detail in respect of the whistleblowing categories especially tenancy. The Governance and Risk Officer stated that none of the issues were major and tended to be in relation to occupancy or behaviour, there was currently nothing major within any of the categories shown.

Other Members of the Committee congratulated the Officers on the comprehensive report.

Further questions were asked in relation to;

- The Confidential Whistleblowing Hot Line
- Test and Trace payments
- The fuel theft and why it wasn't picked up earlier
- Why there was no reference to issues currently happening in the Housing Section – currently the issues were alleged and were being investigated and they could not be discussed.

To which Officers responded.

A Member asked if the Committee could be notified if the money in respect of the fuel theft was repaid by 30 June 2022.

➤ **Action**

***That the Committee are notified if the money in respect of the fuel theft is repaid by 30 June 2022.***

The recommendation contained within the report was proposed, seconded and **AGREED.**

**Decision**

**That the contents of the Counter Fraud Annual Report 2021/22 and the proposed workplan for 2022/23 are approved.**

Councillor Baxter asked for his vote against the decision be minuted.

## **6. Risk Management Annual Report**

The Chief Finance Officer presented the annual report on Risk Management for the period 2021/22. Risk Management was an integral part of the Committee's terms of reference and the overarching risk management framework. The Committee had revised and approved the current risk management framework at its meeting on 9 June 2021.

The Risk Management Group was chaired by the Governance and Risk Officer and consisted of all the Heads of Service and Assistant Directors. The Group compiled a work plan around some of the main risks and interventions around risk management, internal audit, insurance, counter fraud governance, procurement, data protection, health and safety, business continuity and safeguarding.

Going forward the Risk Management Group would be scheduled as part of the Senior Leadership Team and meetings would be held quarterly with focus on one specific area and updates on other areas as applicable.

Service Risk were risks that sat within operational service areas rather than strategic risk and these were currently being reviewed by the Governance and Risk Officer with Heads of Service following the completion of service plans. Risks identified by the service area which would compromise service delivery and mitigations to address those risks. A full register would be compiled and this would be reviewed to see if any were strategic or corporate and needed to be included in the strategic risk register.

The Strategic Risk Register was last approved by the Committee at its meeting on 20 April 2022. The register was based under seven themes and was reviewed by the Corporate Management Team before it came to Committee. The register would be coming back to the Governance and Audit Committee in September 2022.

The Strategic Risk controls and actions were tracked and monitored using software that gave a real time picture of the risks. Progress of risk actions could be tracked through implementation and outcome by Managers.

A key element of the Annual Governance Statement was the Annual Assurance Statement. Each Heads of Service had individually compiled an Annual Assurance Statement for 2021/22 which was designed to assess the effectiveness of the key internal control environment and they were asked if they strongly agreed or disagreed with the themes under the seven governance headings. 75% of Heads of Service had agreed with the statements on assurance with the remainder partially or did not agree or did not know as it was felt that it was not relevant to them. From the information a workplan was developed and shared with the Risk Management Group. A draft Annual Assurance Statement for 2021/22 would be coming to the July Committee meeting, both the counter fraud and risk management work would be fed into the document.

The Governance and Risk Officer briefly spoke to the Committee about the Risk Management Group and how effective being part of the Senior Leadership Meetings was.

A question was asked about risk in respect of the Council's arm's length companies and it was stated that it would be a matter for the Companies Committee to ask the individual Companies about what risk registers they had in place. The Board of Directors for each company would need to seek assurances about risks when Business Plans were updated and what risk and mitigations were place.

One Member asked to see the information in respect of those areas highlighted within the report at 2.13 (business continuity, staffing and IT). The Chief Finance Officer indicated that he would be happy to share the information outside of the Committee meeting.

#### ➤ **Action**

***Chief Finance Officer to share information in respect of the thematic headings of Business Continuity, Staffing and IT as referenced at 2.13 of the report.***

The recommendation contained within the report was proposed, seconded and **AGREED.**

#### **Decision**

**That the Governance and Audit Committee approve the Risk Management Annual review as outlined within the report.**

## **7. Annual Treasury Management Review**

The Assistant Director of Finance presented the Treasury Management Annual Report for 2021/22 which met the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

The Annual Treasury Management Strategy was approved by Council on 1 March 2021 and a mid-year treasury update was approved by the Governance and Audit Committee at the meeting on 26 January 2022. The report before Members was the annual review following the year end and described the activity compared to the strategy.

Member's attention was drawn to the table on page 31 which summarised the Council's Treasury position as at 31 March 2022. The Council had a fixed rate debt of £89.435m as at the 31 March 2022, £3.221m was repayable within the next 12 months.

The investment position for both short and long term investments as at 31 March 2022 stood at £89.6m, of which £65m was fixed rate investments and £24.6m were variable rate investments. Variable rate investments had reduced over the last 12 months due to interest rates on notice accounts being inferior to fixed rate investments. When monies were invested, rates were reviewed to maximize the rate of return but taking into consideration the risk to those investments and also the liquidity position. Investments were only made following advice from Link Treasury advisors.

Members were referred to paragraph 2.7 of the report which concerned the £3m investment with the CCLA Property Fund, which invested in property. It was a long term investment where the fluctuation risks could be managed over the period of the investment. As at 31 March 2022 the investment stood at £3.2m which was an improvement on the previous year of £2.7m. The main reason for investing in the fund was the quarterly dividend received which was significantly higher than the return on other investments. The dividend payable for the year was £104k which was a 3.5% return on the investment.

Member's attention was then drawn to the graphs within the report that dealt with the duration and counterparties of investments as at 31 March 2022. The table contained in paragraph 2.11 showed the average rate of return compared with other District Council's within the comparable groups which showed that at Quarter 4 South Kesteven at a 0.79% average rate of return compared to 0.54% for other authorities. In paragraph 2.12 appendix 1 should be appendix A.

The outlook for 2022/23 shown at paragraph 2.13 had been provided by LINK treasury advisors and remained uncertain. The base rate was increasing faster than anticipated and it was expected that this would be reflected in the interest rates.

All investments placed during 2021/22 had been repaid on the dates agreed and all cash liquidity requirements had been met throughout the year. Investment income levels had exceeded the original estimated levels set in the budget and rates were higher than originally estimated. It was confirmed that Performance Indicators set had been achieved.

The Officers were thanked for the report.

Questions were asked in respect of how the impacts on the treasury management would be addressed going forward and how the housing debt were fairing to which the Assistant Director of Finance replied.

It was proposed, seconded and **AGREED** to note and approve the content of the annual report on the Treasury Management Activity for 2021/22.

### **Decision**

**That the content of the annual report on the Treasury Management Activity for 2021/22 is noted and approved.**

## **8. Work Programme 2022 - 2023**

The Work Programme was discussed and the following points raised;

- Following Member training it was stated that the Committee should approve the Annual Governance Statement but it was not shown on the Work Programme.
- Also, the Committee should meet privately with both Internal and External Auditors when would this take place.
- When would the Scrutiny Review document be reviewed, would this be undertaken by this Committee?

Reference was made to the Governance and Audit Annual report which was discussed at Council on 26 May 2022. Appended to the report was the Work Programme for 2022/23. The Work Programme before Members needed to be updated to reflect the items contained within the Work Programme submitted to Council on 26 May 2022.

It was proposed, seconded and **AGREED** to approve the Work Programme for 2022/23 subject to the amendments raised and the items listed on the Work Programme for 2022/23 submitted to the Council meeting on 26 May 2022.

### **Decision**

**The Work Programme for 2022/23 to be amended to reflect those items contained in the Work Programme 2022/23 appended to the Annual Report for the Governance and Audit Committee submitted to Council at the meeting on 26 May 2022.**

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

A statement was made by Councillor Baxter.

Councillor Baxter stated that it had been explained to him that he had a choice, either to make an apology or face a long and expensive process of censure which could potentially prevent him from doing his job as a Councillor.

At the meeting of the Committee held on 16 March 2022, Councillor Cottier had attended the meeting and Councillor Baxter had drawn the Committees attention to

his attendance. Councillor Cottier had not attended a meeting for five and half months prior to the meeting and had not tended his apologies. Councillor Baxter had commented that by attending the meeting on 16 March 2022, the Council had been saved from holding a By-election. The Chairman had said that the comments made by Councillor Baxter in relation to Councillor Cottiers attendance at the meeting were irrelevant, to which Councillor Baxter had responded not as irrelevant as Councillor Cottier. Councillor Baxter stated that he had only meant to draw attention to Councillor Cottiers attendance record, and his unexpected attendance at the meeting on 16 March 2022. He understood that people had taken offence by the use of the word irrelevant, and had taken it to be disrespectful to Councillor Cottier. It had not been Councillor Baxter's intention to insult Councillor Cottier and he unreservedly apologised for any offence caused to anyone by the comments he had made.

#### **10. Close of meeting**

The meeting closed at 15:10.