

Meeting of the Governance and Audit Committee

Wednesday, 28 September 2022, 2.00 pm

Council Chamber – South Kesteven House,
St Peter's Hill, Grantham, NG31 6PZ



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Committee Members present

Councillor Paul Wood (Chairman)
Councillor Kaffy Rice-Oxley (Vice-Chairman)
Councillor Ashley Baxter
Councillor Richard Dixon-Warren
Councillor Gloria Johnson
Councillor Sue Woolley

Cabinet Members

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

Officers

Alan Robinson (Deputy Chief Executive)
Richard Wyles (Chief Finance Officer)
Andrew Cotton (Director of Housing and Property)
Alison Hall-Wright (Assistant Director of Finance)
Tracey Elliott (Governance and Risk Officer)
Phil Swinton (Health and Safety Manager)
Sarah Downs (Democratic Officer)

Assurance Lincolnshire Auditors

Alistair Simson
Lucy Pledge

Grant Thornton Auditors

Harkamal S Vaid
Laurelin Griffiths

22. Apologies for absence

Apologies for absence were received from Councillors Ian Stokes and Linda Wootten.

23. Disclosure of interests

No interests were disclosed.

24. Minutes of the meeting held on 20 July 2022

A Member asked where the part of the External Audit Report that had been omitted in error from the agenda of the previous meeting, held on 20 July 2022, commenting that the omission had not been recorded in the minutes.

The Auditor representing Grant Thornton informed the Committee that this would be rectified.

The Chairman added that the minutes were not intended to be verbatim and he was of the opinion they were a correct record of the meeting.

The minutes of the meeting held on 20 July 2022 were proposed, seconded and AGREED as a correct record.

25. Updates from previous meeting

The Chief Finance Officer informed the Committee that Minute 14 on the action sheet, referencing the repayment of money relating to the fuel theft, was in the hands of the Crown Prosecution Service for enforcement.

It was noted that Minute 17, the Scrutiny Review, had been added to the meeting agenda.

A Member requested confirmation of a meeting date for the Governance and Audit Committee Members to meet with the internal and external auditors. The Chairman informed that a meeting is to be arranged in the future but was as yet unconfirmed.

26. 2021-2022 External Audit Plan

The External Audit Plan, presented by Grant Thornton auditors, provided an overview of the planned scope and timing of the statutory audit of the Council.

The Council was required to prepare group financial statements that consolidated the financial information of Gravitass Ltd and Leisure SK Ltd.

Special audit consideration was given to the following risks as they were the highest value estimates within the financial statements:

- Management over-ride of controls

- Valuation of land and buildings
- Valuation of the pension fund liability

The above risks were considered in all audits and not specific to South Kesteven District Council.

Materiality was determined at £1.25 million for the group audit and £1.2 million for the Council as thresholds for testing as part of the audit. It was considered that there were no significant risks identified within the group accounts.

The Audit was underway and expected to be signed off by the end of November 2022.

During discussion, Members raised the following points:

- Did the auditors have any further comment regarding the 'PPE Assets Held for Sale' of Gravitas Housing Ltd accounts and what level of investigation had taken place in scrutinising that part of the organisation?
- If Gravitas Housing Ltd and Leisure SK Ltd accounts were listed as being material to the accounts, why were Environment SK Ltd not listed in the same way?

The Auditor informed Members that the audit had not yet been completed and therefore at this point, they were limited in what they were able to say.

The Assistant Director of Finance confirmed that accounts were grouped where there were material levels of income. The majority of Environment SK Ltds income came from the Council. As intergroup transactions were eliminated when grouping accounts, Environment SK Ltd accounts were not materially different to those of the Council.

It was proposed, seconded, and **AGREED:**

That the Governance and Audit Committee accepted the External Audit Plan 2021-2022

27. Internal Audit Progress Report

Presented by Assurance Lincolnshire, the purpose of the Internal Audit Progress Report was to:

- Provide details of the audit work during the period April 2022 to September 2022
- Advise on progress of the 2022/23 plan

- Raise any other matters that may be relevant to the Governance and Audit Committee role.

The auditors had completed two assurance audits and had four audits scheduled in for future dates. The two audits which had been completed were:

- Good Governance Phase 1 and Decision Making - Substantial Assurance
- Risk Management - Substantial Assurance

The audits that were being carried out currently were:

- ICT Cyber Security (originally planned June/July and moved back at client's request) – Commenced 30th August
- Programme Management – Commenced 5th September
- Housing Void Management – Commencing 3rd October

Health and Safety was to be rescheduled to October. The vast majority of high and medium priority actions have been completed since the last audit and reasoning behind those yet to be completed were within the report. The Auditor informed the Committee that the Chartered Institute of Public Finance and Accountancy (CIPFA) would be issuing an updated Audit Committees Guide by the end of September 2022.

Members raised the following points during discussion:

- Acknowledgement of the Governance Team's hard work was given.
- Were many high assurance ratings given?
- The report referred to work to embed the discussion of risk in decision making – was there a timescale for this, including a change to the report template?
- What will be the format and scope of the second phase of the Governance review?
- The report referred to examples of good governance, including the consultation work with Deepings Leisure Centre. What was the evidence for this?
- The Food Waste trial was very popular with residents but not continued, why?
- The updating of the Constitution made the Council less transparent with access to public meetings more difficult.

- Housing Services had been through a period of change and was still in special measures with the housing regulator.
- What was the Council's Governance compared with?

The Auditor confirmed that actions were already in place. Discussion around Risk was ongoing since 31 August 2022 and a new report template was in place.

The Chief Finance Officer added that a further element was added to the report. There was now a requirement to consult with the Governance and Risk Officer to ensure any risks considered were independently verified and given more prominence within each report.

The Auditor informed the Committee that the second part of the Governance Review will look into the leadership and culture of the Council – how governance works in practice, as structures were already in place. It was made clear that work had been completed in the first phase on having an appropriate Constitution and no further comment could be made on the next phase at this time. There were to be workshops, engaging with both Officers and Councillors and this would likely start in the new year. The report, which compared the Council's Governance to a Local Government framework, looked into the structure for Governance and not into any detail as yet on specific consultations but will look closely at the process around the Deepings Leisure Centre and policy and process.

The Director of Housing and Property informed Members that there was an interplay between the Auditors and the Housing Regulators and the Council provided information to both.

The Chairman added that a consultation can be good within its process but that the outcome may not be popular, such as the budgetary restrictions that prevented the food waste trial from being expanded across the district.

It was acknowledged that a lot of work had been completed to improve services and the Director of Housing and Property was thanked for his contribution.

The Deputy Chief Executive confirmed he was proud of the work that was put into the updated Constitution and that inconsistencies had been removed when appropriate changes were made.

It was proposed, seconded and **AGREED**:

That the Governance and Audit Committee accepted the findings of the report.

28. Annual Health and Safety, Emergency Planning and Business Continuity Report 2021-2022

Presented by the Director of Housing and Property, the Health and Safety Annual Report 2021/22 demonstrated that the Council's health and safety performance had remained strong during this period. It was important that the Council continued to review, monitor and improve, wherever practical, its arrangements and practices. The Authority provided a varied range of services, some with inherently higher-risk activities and in challenging and changing environments.

The report detailed these arrangements along with annual performance and set out how the Council intended to move forward in the future. The annual report showed the Council's commitment to safety and the measures taken to protect the health and safety of all those who could be affected. Business Continuity and Emergency Planning were also included. There had been a reduction in the number of accidents from 2020/21 and this was 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 nature of the Council and were broadly in line with neighbouring authorities. 'Near misses' were encouraged to be reported so lessons could be learnt for the future.

During discussion, Members noted the following points:

- Did the business continuity test, carried out in June 2022 stand the Council in good stead for learning for any future issues?
- Members welcomed the fall in the number of accidents reported in the last year. A further breakdown of the accident data for the Streetscene team was requested although it was acknowledged that the likelihood of accidents given the number of households involved in bin collections was a lot higher.
- It was recognised that Streetscene were unsurprisingly the service with the highest number of accidents.
- Did the report include any data from Environment SK Ltd?

The Health and Safety Manager confirmed that the test, ran in June 2022 gave the Council some insight into preparing for the future and gaining resilience in establishing back-up plans. Ultimately, assurance was established that services were fit for purpose in the event of a crisis. The Officer confirmed to Members that no report was requested for Environment SK Ltd.

ACTION 1:

That the Governance and Audit Committee receive a further breakdown of information on accidents within the Streetscene Team 2021-2022

AGREED:

That the Governance and Audit Committee noted the Health and Safety Annual Report for the period 2021/22.

29. Local Government and Social Care Ombudsman - Annual Review Letter 2022.

This report sets out the content of the Ombudsman's Annual Review Letter for 2022 for South Kesteven District Council.

The Local Government and Social Care Ombudsman was responsible for investigating complaints about Councils, all adult social care providers and some other organisations providing local public services. The Ombudsman would expect a complainant to have gone through all of the stages of an organisation's own complaints process before receiving a complaint on any matter. Any complaint to the Ombudsman must be about something it has authority to investigate and in most cases a complainant should:

- Complain to the Ombudsman within 12 months of becoming aware of the matter
- Have been directly affected by the matter and suffered a 'personal injustice'

The Local Government and Social Care Ombudsman's Annual Review Letter covered a twelve-month period up to 31 March 2022. The Annual Review Letter focused on three key areas that help to assess the Council's commitment to put things right when they go wrong. These were:

- Complaints upheld
- Compliance with recommendations
- Satisfactory remedy provided by the Authority

Fifteen complaints were considered by the Ombudsman during the period of the Annual Review Letter. Of these fifteen complaints, the Annual Review Letter reported that for South Kesteven District Council:

- The Ombudsman carried out no detailed investigations during the period
- No recommendations were due for compliance in this period
- The Ombudsman did not uphold any detailed investigations during this period

During discussion, Members raised the following points:

- How can the Council be sure that complaints were being dealt with in a timely manner?
- It was noted that no detailed investigations had been carried out by the Ombudsman, as confirmed in the report.

The Deputy Chief Executive informed that complaints have to be received and considered by the Council first of all and any that are sent to the Ombudsman in the first instance, are redirected back to the Council. Some of the issues could be complex and far-reaching but correspondence to keep the complainant informed of what stage of the process the complaint had reached was regularly logged. The Officer continued that feedback was requested as it was very important to facilitate the improvement of services.

The Officer agreed that more specific details would be given to the Committee.

ACTION 2:

That the Governance and Audit Committee receive further, specific information on the timescales for completion of complaints

AGREED:

That the Governance and Audit Committee noted the contents of the Local Government and Social Care Ombudsman's Annual Review Letter for 2022.

30. Short Scrutiny Improvement Review - Centre for Governance and Scrutiny

In 2021 the Council commissioned the Centre for Governance and Scrutiny to undertake an evaluation of its scrutiny function to check and test that scrutiny arrangements met the Council's high expectations of democratic accountability and that decision-making and scrutiny was transparent, effective and impactful.

The review consisted of two days of evidence gathering on-site through conversations with Members and Officers on 19 and 20 July 2021, as well as consideration of key documents and the observation of an Overview and Scrutiny Committee meeting.

The opening summary of findings from the review highlighted conditions for successful scrutiny were present at South Kesteven District Council with a clear commitment to scrutiny and the value it can bring, the benefits of which were recognised by Cabinet. The dedication of Members of Overview and Scrutiny Committees, positive examples of cross-party working, making a positive impact and wanting to improve outcomes was also emphasised.

The outcomes of the review were reported under the following themes, some of which included recommendations for further consideration which the Panel feel

would assist scrutiny in being more effective in how it works and the contribution it makes:

- Conditions for success
- Organisation and Officer support
- Clarity and scrutiny's role and responsibilities
- Collaborative approach to scrutiny
- Scrutiny's focus and work programme
- Committee structure
- Chairing and meeting preparation
- Member development
- External engagement

In considering the recommendations of the review, an action plan had been developed by the Cabinet Member for Corporate Governance and Licensing.

Members raised the following points during discussion:

- How did the recommendations translate to the action plan?
- The review has taken too long to come to a public meeting
- Who would be considering the advice given, in particular the governance and scrutiny?
- The delay brought transparency, openness and scrutiny of the Council into question.
- Will there be a change in process of how the Chairman and Vice-Chairman of each Committee were elected as recommended?
- The process did not involve an adequate level of consultation or clarification on timings for the action plan
- Why did the report only outline the positives? Scrutiny should involve an equal voice for all, including the general public.
- A Member suggested that the actions could be measurable as SMART targets and should reflect the report.

The Deputy Chief Executive informed the Committee that the 'next steps' identified in the action plan came from the advice given by the Centre for Governance and Scrutiny. The suggestions were broad, not specific and it was down to the Council to decide how to act. It was recognised that there was still work to do and Members and Officers have worked alongside each other to achieve a plan.

The Officer continued that changes to any committee are constitutional and will go to the Constitution Committee. The Companies Committee proposed changes would be heard by Governance and Audit Committee before ultimately being heard at Full Council.

The Chairman disagreed that scrutiny and consultation was not welcomed within the process of the review and confirmed meetings had been held throughout the process.

The Deputy Chief Executive added that everyone had an opportunity to meet with Officers and Councillor Linda Wootten as the Cabinet Member for Corporate Governance. There were workshops held for discussion and feedback was important. The consultation process was yet to be completed.

The Chairman welcomed the report and acknowledged that the Council were at the start of the process. It was suggested that a workshop for Members be arranged before a future Governance and Audit Committee hears a more detailed action plan. Members agreed with this.

ACTION 3:

That a public workshop for Members is arranged to agree action plans and targets in further detail.

It was proposed, seconded, and **AGREED:**

That the Governance and Audit Committee noted the Scrutiny Improvement Review Action Plan.

31. Strategic Risk Register

One of the key areas for Governance and Audit Committee, as part of its terms of reference, was to monitor and review the risk management arrangements in place and the activities that were being undertaken to mitigate those risks. The Strategic Risk Register was to be presented to Committee twice a year and was last reviewed at the 20 April 2022 meeting.

The Chief Finance Officer informed Members that the Strategic Risk Register was to reflect the current and changing environment of the Council from both internal and external influences. The format of the Register consists of the following:

- Risk Title and Description – brief description of risk

- Effects of Risk Realisation – what would occur should the risk materialise
- Current Circumstances – summary of the present situation
- Risk Controls – summary of all the risk controls that are currently in place
- Residual Risk Score – assessment of risk after risk controls considered
- Actions – list of actions being undertaken along with a progress update

The Chief Finance Officer informed the Committee that the report was written before the recent Public Services network outage and that the Council was reflecting on these circumstances to ensure services are as resilient as possible and protected from external influences.

During discussion, Members raised the following points:

- The report was welcomed.
- What was the timescale for the appointment of a consultant to develop a cultural strategy?
- Why was there no mention of the Deepings Leisure Centre as a risk?
- Were inflationary pressures and energy costs not a risk?

The Chief Finance Officer confirmed that the Culture and Visitor Economy Overview and Scrutiny Committee was overseeing the development of a Cultural Strategy. The delivery of the Deepings Leisure Centre refurbishment was project specific and would not therefore be considered a strategic risk.

It was proposed, seconded and **AGREED**:

That the Committee noted the progress made of the actions of the strategic risks and identified any areas of feedback.

32. Work Programme 2022 - 2023

The Work Programme was discussed and the following points raised:

- The Scrutiny Review was to come back to Governance and Audit Committee at a future date.
- A meeting between Members of the Committee and Auditors was to be added to the Work Programme as an item to be allocated.

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

There was no other business.

34. Close of Meeting

The meeting closed at 15:50.