

Governance and Audit Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Wednesday, 29 November 2023 at 2.00 pm
Council Chamber - Council Offices, St. Peter's Hill,
Grantham. NG31 6PZ

Committee Members: Councillor Tim Harrison (Chairman)
Councillor Paul Wood (Vice-Chairman)

Councillor Patsy Ellis, Councillor Bridget Ley, Councillor Charmaine Morgan,
Councillor Rob Shorrocks, Councillor Peter Stephens, Councillor Ian Stokes and
Councillor Sue Woolley

Agenda

This meeting can be watched as a live stream, or at a later date,
[via the SKDC Public-I Channel](#)

- 1. Apologies for absence**
- 2. Disclosure of interests**
Members are asked to disclose any interests in matters for consideration at the meeting.
- 3. Minutes of the meeting held on 26 September 2023** (Pages 3 - 20)
To include the public and restricted minutes.
- 4. Updates from previous meeting** (Page 21)
To consider updates on Actions agreed at the meeting held on 26 September 2023.
- 5. External Audit Findings 2022-2023** (Deferred to 24 January 2024)
- 6. Value for Money Opinion 2021/22 and 2022/23** (Deferred to 24 January 2024)
- 7. Statement of Accounts 2022-2023 Update** (Deferred to 24 January 2024)

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☎ 01476 406080

Karen Bradford, Chief Executive
www.southkesteven.gov.uk

- 8. Internal Audit Progress Report** (Pages 23 - 30)
Auditors from RSM UK Risk Assurance Services will present the Internal Audit Progress Report.
- 9. Treasury Update Report (Qtr 2) 2023-2024** (Pages 31 - 38)
This Council is required by regulations issued under the local Government Act 2003 to produce regular reports on treasury and debt management operations during the financial year. This report meets the requirements of the CIPFA Code of Practice on Treasury Management (the Code).
- 10. Strategic Risk Register** (Pages 39 - 56)
To provide an update on the Council's Strategic Risk Register.
- 11. Appointment of Director of Council-Owned Company - LeisureSK Limited** (Pages 57 - 59)
The Governance and Audit Committee is requested to appoint a Director to fill a vacancy on the Board of LeisureSK Limited.
- 12. Risk Management Annual Report 2022-2023** (Pages 61 - 64)
One of the key areas for Governance and Audit Committee, as part of its terms of reference, is to monitor and review the risk management arrangements in place and the activities that are being undertaken to mitigate those risks.
- 13. Work Programme 2023 – 2024** (Pages 65 - 67)
To consider the Committee's Work Programme for 2023 – 2024.
- 14. Any other business, which the chairman, by reasons of special circumstances, decides is urgent.**

Agenda Item 3

By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Meeting of the Governance and Audit Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Tuesday, 26 September 2023, 10.00 am

Committee Members present

Councillor Tim Harrison (Chairman)
Councillor Paul Wood (Vice-Chairman)

Councillor Patsy Ellis
Councillor Bridget Ley
Councillor Charmaine Morgan
Councillor Rob Shorrocks
Councillor Sue Woolley
Councillor Graham Jeal
Councillor Mark Whittington

Cabinet Members present

Councillor Ashley Baxter (Deputy Leader of the Council)
Councillor Richard Cleaver (Leader of the Council)
Councillor Philip Knowles (Cabinet Member for Corporate Governance and Licensing)

Other Members present

Councillor Ian Selby

Officers

Karen Bradford (Chief Executive)
Richard Wyles (Deputy Chief Executive and S151 Officer)
Graham Watts (Assistant Director of Governance and Monitoring Officer)
Nicola McCoy-Brown (Director of Growth and Culture)
Craig Spence (Acting Director of Housing)
Alison Hall-Wright (Assistant Director of Finance and Deputy S151 Officer)
Adrian Ash (Interim Assistant Director of Operations and Public Protection)
Claire Moses (Head of Revenues, Benefits, Customer and Community)
Phil Swinton (Emergency Planning and Health and Safety Lead)
Tracey Elliot (Governance and Risk Officer)
Amy Pryde (Democratic Services Officer)

Harkamal Vaid, Grant Thornton Auditor
Laurelin Griffiths, Grant Thornton Auditor
Claire Goodenough, Assurance Lincolnshire Auditor
Louise Pocklington, Assurance Lincolnshire Auditor
Matt Waller, Assurance Lincolnshire Auditor (Virtual)

28. Apologies for absence

Apologies for absence were received from Councillor Ian Stokes and Councillor Peter Stephens.

Councillor Mark Whittington substituted for Councillor Ian Stokes.

Councillor Graham Jeal substituted for Councillor Peter Stephens.

29. Disclosure of interests

No interests were disclosed.

30. Minutes of the meeting held on 12 July 2023

The minutes of the meeting held on 12 July 2023 were proposed, seconded and **AGREED** as a correct record.

31. Updates from previous meeting

The Chairman noted that the Statement of Accounts report would be heard at the meeting held on 29 November 2023.

32. External Audit Findings 2021-2022

The External Auditors presented the report which outlined their audit findings for the 2021/22 financial year.

There were no significant issues found within the external audit findings and the report included adjusted and unadjusted misstatements, primarily around minor discrepancies in testing of property valuations and the result of the tri-ennial pension valuation of the LGPS.

Clarification was sought around the property valuation differences and whether it was completed on a sample, and if so, what percentage of the overall assets were looked at.

The External Auditor confirmed that only a sample of properties were tested but the population was risk assessed when the sample was picked out. The properties considered to be most 'out of line' of expectations were generally selected.

As part of the External Auditors concluding, they had considered whether the sample could be indicative of wider problems within the population. Assurance was given that the samples were a fair reflection of the issues within the population as a whole.

One Member noted that the pension liability had increased by £4.3m. It was requested as to what the level of risk would be around the pension liability.

The 2021/22 accounts included the tri-ennial evaluation of the LGPS which was a full evaluation of the fund, as at the 31 March 2022. It gave better information about the membership and liability of the fund as a whole than the previous information. The number in the accounts was the most accurate estimate that was possible to make of the viability.

It was queried as to whether the significant risks outlined were specific to South Kesteven District Council or whether they were general risks identified across several Council's.

The External Auditors clarified that the significant risks identified for South Kesteven District Council were effectively the three risks usually identified across all of Local Government. Management override of controls was an assumed risk by all external auditors at all entities, regardless of sector. The valuation of the Council's properties and the valuation of the Council's pension liability were the two largest estimates in the accounts, therefore, generally were considered to be numbers most susceptible to error.

It was noted that the Council's value for money arrangements had not been completed and therefore, the External Auditors were not in a position to issue the auditor's annual report. It was queried as to whether this report had been provided and why the reasoning behind the delay of the report.

The External Auditors had not yet issued their annual report with the value for money findings within it. The delay had effectively been due to the external auditors prioritising the delivery of the financial statements audit over the delivery of the value for money work. Had any particular concerns been identified in relation to the value for money work, this would have been reported with urgency.

Work was being undertaken for a combined 2-year Auditor's Annual report to cover the 2021/22 and the 2022/23 financial years. It was hoped to bring the report to the next meeting of the Governance and Audit Committee.

The Deputy Chief Executive (S151 Officer) thanked the Finance Team and the External Auditors for the presentation of the report.

It was queried as to whether the five individuals who had super user access to the ledger were in line with the suggestions made by the External Auditors.

Super users had a degree of access to the ledger, which normal users would not have. This inherently came with some risk around super users obtaining tasks they should not be accessing within the ledger. It was stressed that throughout the external auditor's work of addressing the risk of management override within the financial systems, there were no concerns identified.

The Assistant Director of Finance (Deputy S151 Officer) confirmed that a review on the number of super users within the system had taken place to reduce the number

of users. A monthly check would also be incorporated to review the posted journals. Assurance was provided that a journal in the system was a debit and a credit and therefore had a low risk, as it could not be taken outside of the finance system.

Concern was raised around the completeness of related party returns and risk regarding influencing decision-making. Clarification was sought around what actions had been taken in regard to the concern.

In 2023, the Council received all but one related party return was the responsibility of Members and Senior Officers to ensure these returns were completed and returned. The forms were part of mandatory training, and five reminders would also be sent to the individual.

One Member queried whether Companies House had been updated in terms of Directorship for Council owned companies.

The Assistant Director of Finance (Deputy S151 Officer) confirmed that Companies House had been updated to reflect Directorships of the Council owned companies.

It was stated that the accounts movement in reserves statement should be updated to meet all requirements of the Code. It was queried as to why the Council had not amended it yet.

The External Auditors clarified it was a presentational issue and there were no concerns with the underlying accounting, just the presentation of the statement.

It was proposed, seconded and **AGREED** to accept the External Audit Findings for 2021-2022.

33. External Audit Plan 2022-2023

The External Auditor presented the plan. The auditors were making good progress of the plan, it was hoped the plan would be completed by the end of November and be brought back to the next Governance and Audit Committee meeting.

The significant risks were the same risks as presented in the previous year, no findings from the 2021/22 audit were presented to any additional significant risks.

The materiality had slightly increased for 2023, which was often considered to be an increase in expenditure throughout the Council.

Regarding group audits, the auditors were placing reliance on the work completed by the company auditors for Leisure SK Ltd and they would be completing their own procedures for Gravitass Ltd.

It was queried as to whether the work undertaken by External Audit relied on the work produced by Internal Audit in terms of process and procedures.

A query was raised regarding management override of controls actions and whether any responsibility was left with Internal Audit on the control framework.

It was confirmed that External Audit did not rely on any work of Internal Audit. External Audit considered the work that Internal Audit had undertaken and had considered the findings as part of their risk assessment to determine whether there was any particular work in areas that may require more attention. All of External Audit substantive testing was done by the External Auditors.

One Member requested when the Committee would expect to see assurances and test results from the Lincolnshire Pension Fund.

External Audit were awaiting a response from the Lincolnshire Pension Fund to provide their date of assurance. The date was unknown at present.

The Assistant Director of Finance (Deputy S151 Officer) further confirmed that External Audit were not able to sign off the Council's accounts until the Pension Funds Accounts had been audited and signed off by their own external auditors.

It was proposed, seconded and **AGREED** to accept the External Audit Plan 2022-2023.

34. Internal Audit Progress Report

The Internal Auditor presented the report. The report set out the purpose of the regular progress reports, which was to update the status of external audit and progress against the internal audit plan. The summary of the work completed was around issues that impacted on the Head of Internal Audit's annual opinion.

The report included the performance dashboard, which included the 22% of work that internal audit had undertaken, as well as updates on internal audit activity where the concerns had been raised on the conduct of Officers.

Assurance Lincolnshire had been the Council's Internal Auditors since April 2022. The Head of Internal Audit report that concerns had been raised with the Head of Paid Service in June 2023 regarding interactions and conduct between the Audit Team and Council Officer's.

She added that, in August 2023, an audit had taken place on an element of governance delivery. During the assignment, it was her opinion that the behaviour observed resulted in a material breach to the Audit Charter which had been signed upon the contract in April 2022. At this point, the termination clause in the contract was activated for internal audit services.

On the 29 August 2023, Internal Audit met with the Head of Paid Service and issued the termination notice of 30 days.

One Member queried whether it was common for issues to arise and whether problems had occurred with any other of the auditor's clients.

It was confirmed that Assurance Lincolnshire had over 40 clients and these issues had not occurred with any other clients.

Concern was raised around accounts payable in respect of the debtors report and the issues identified on basic internal control assurance.

It was queried as to how the scoping of the Internal Auditor's work had taken place and whether future internal audit work may require more in depth investigating.

The Head of Internal Audit explained that, in her opinion, due to the lack of liaison between Internal Auditors and the Council, audits were not scheduled in and therefore no scoping work had taken place.

Internal Audit raised concerns of inaccuracies within the Officer's management response to the debtor report. The management response stated that no actions were needed and the audit did not identify any fraud or error, this demonstrated to Internal Audit that Officers had a lack of understanding on the role and function of the impartial, qualified auditors. Internal Auditors would not base a risk rating on the amount of work required to address a tested fail or whether errors and omissions were found at that stage.

It was highlighted that South Kesteven District Council seemed to have one of the smaller internal audit plans in Lincolnshire. In the Internal Auditor's opinion, the Council had a high issue of low assurance opinions across the control environment.

One Member requested the results of other Internal Audit's that Assurance Lincolnshire had carried out.

Including the whistleblowing audit and the work that Assurance Lincolnshire had undertaken through 2022/23, the Head of Internal Audit reported her estimate that the Council was approximately 40% negative assurance across the control environment that internal audit had tested.

It was queried as to whether Assurance Lincolnshire had experienced staffing changes during the contract with the Council, as prior to this, the Council was receiving substantial assurance on internal audits.

Assurance Lincolnshire confirmed that staffing changes occurred in January 2023. The previous Internal Audit Manager had several roles vacant and was provided with support in order to deliver as best as possible.

One Member noted that the executive summary mentioned credit notes of £826,000 being issued between April 2022 and February 2023, which represented 17.4% of invoice demands. It was queried as to whether this was a matter of a concern.

Assurance Lincolnshire clarified that two other District Council's had credit notes percentage of 1-2%.

A query was raised in relation to the percentage of audits with low assurance, it was further questioned as to what the percentage of low assurance would be from other District Councils.

It was clarified that South Kesteven District Council was an outlier on the percentage of low assurance, it was much lower for other Assurance Lincolnshire clients.

The Assistant Director of Finance (Deputy S151 Officer) had carried out further analysis on credit notes. Examples were provided of credit notes that had been raised, which included invoices raised for an incorrect amount which were credited and then re-raised, inclusion of VAT in error and re-raised, incorrect purchase numbers, incorrect planning references. Out of the £950,000 of credit notes raised in the year, £822,000 had replacement invoices raised for them as a result of clerical errors.

Members asked Assurance Lincolnshire to describe their experience of working with the Authority and whether the concerns mainly sat within process and procedures or wider, cultural issues.

The Audit Manager and Senior Auditors held the majority of the contract with the Officers. It was emphasised, from the perspective of Assurance Lincolnshire, that there had been a lack of engagement and liaison with Officer's and concern was raised that Officers had a lack of understanding of the role of Internal Audit.

One Member noted that the overdue high priority actions had received comments of 'response not received'. It was queried as to why this had been the case.

Internal Audit had run a tracker process and communicated with specific Officer's within the Council and tracked all of their recommendations. A shorter period of time for a response was given for Officers in regard to the action relating to the debtors report.

The Deputy Chief Executive (S151 Officer) clarified that management responses were included within the reports provided by Internal Audit. Assurance Lincolnshire had attended a CMT meeting on 19 April 2023, where a draft plan was discussed.

It was confirmed that the debtors report was agreed on the 21 July 2023, Internal Audit sent a spreadsheet on 24 July 2023 to Council Officers, which did not include any of the debtors' actions. The spreadsheet was returned to Internal Audit at the end of August 2023. On the 1 September 2023, an email was sent back and missed by an Officer that included the debtors' actions.

Following the CMT meeting, the Council went into a pre-election period ahead of the local elections held in May 2023. The draft plan was then considered by a new

membership of the Governance and Audit Committee in June 2023. At the Governance and Audit Committee meeting in July 2023, Members emphasised the necessity for Assurance Lincolnshire to undertake the audits in the agreed plan within the remaining period of time.

It was suggested that Internal Audit had previously stated their resourcing issues which meant no guarantee could be made that the plan previously approved by the Committee, would be delivered within the remaining period of time.

In terms of liaison meetings, the Deputy Chief Executive (S151 Officer) met with the Head of Internal Audit in April 2023. Liaison meetings had not taken place since that time due to the plan itself not being approved until June 2023. The Council had the expectation that a contracted service would reach out to the Council as the paying customer to organise the liaison meetings. This arrangement had not taken place.

Officers had accepted the issues outlined in the debtors report, a meeting had taken place with Council's Officers with Internal Audit to discuss individual recommendations and for the Council's assessment to provide further information and a broader discussion about the level of assurances provided by Assurance Lincolnshire. However, levels of assurance had not changed following the audit.

The Deputy Chief Executive (S151 Officer) raised concerns that the progress report was inaccurate in terms of some of the narrative written and Officers disagreed with certain commentary included. There were such significant inaccuracies that it was considered necessary to submit a management response report to the Internal Progress Report and this was available for Members to consider.

The Head of Service - Revenues, Benefits, Customer and Community reassured the Committee that they had a clear understanding of the role of the Council's internal audit function. Email exchanges had taken place with a Senior Internal Auditor in advance of and during the audit, as well as meetings. An updated management response was sent to Assurance Lincolnshire on 10 July 2023. The final report was received on the 21 July. Meetings had taken place within the team to discuss and put into place activities against the 17 management actions: five were complete, eight were in progress and four were linked to the new unit 4 finance system, which would be implemented on the 1 April 2024.

The Assistant Director of Finance (Deputy S151 Officer) provided the Committee with further context of the progress report. The debtor's report was agreed on the 21 July 2023, internal audit sent a spreadsheet on the 24 July which did not include any of the debtor's actions. The spreadsheet was then returned to internal audit at the end of August 2023. On the 1 September 2023, an email was sent which included the debtor's actions but was not sent to the responsible Officer.

One Member stated that they would expect timescales to be set out in a contract on the expectations of response times between the Council and Internal Audit. It was

suggested that the contract and standards be revisited in future with the Audit Charter in terms of the client contractual relationship.

The Deputy Chief Executive (S151 Officer) confirmed that operating protocols were successful with the previous Internal Audit team prior to April 2022. The protocols established the working relationship between two parties and the expectations of reports being issued, management responses being received and meetings. The protocols were well established with the previous Internal Auditors.

It was confirmed that interim Internal Auditor arrangements were in place and would come into effect the day after Assurance Lincolnshire's notice period ended. The Council was also going to the market and inviting other Internal Audit organisations to bid for the work to enable continuity beyond the interim arrangement.

The Chief Executive provided the Committee with reassurance that mediation meetings were put in place in an attempt to improve working relationships and improve protocols between the Council and Assurance Lincolnshire. Prior to the meeting taking place, the Chief Executive was issued with a notice of termination. An extension of the notice to 60 days was requested by the Chief Executive in order for work to be completed. Assurance Lincolnshire subsequently declined the extension due to staffing availability.

One Member suggested that the Internal Audit Plan be revisited with urgency to address current issues and compare audit plans to other authorities, prior to any scoping due to take place with future Internal Auditor's.

Members were referred to the Audit Report, where it outlined five substantial assurances since September 2022 on the work of the Council based on the Audit Plan. The Committee was reassured that the new Internal Auditor's would be delivering the full Audit Plan which is required for 2023/24 within a five-month period.

It was clarified that revisiting or increasing the plan would be unreasonable for the new auditors to deliver within a five-month period. There had not been any feedback to suggest that the authority was being 'under-audited'.

Concern was raised on key control testing assurances. It was suggested that this also be reviewed.

The Committee noted the Council's management response included within the agenda pack with regard to this item.

It was proposed, seconded and **AGREED** that the Governance and Audit Committee:

- 1. Approved the scope and the budget of the Internal Audit Plan for 2024/25 and agreed for this to be added to the Work Programme.**

2. **Agreed that the Internal Audit Plan for 2023/24 continues as approved by the Governance and Audit Committee in June 2023.**

3. **Agreed to revisit the Internal Audit Charter.**

Having been proposed and seconded, under Section 100 (a)(4) of the Local Government Act 1972, it was **AGREED** that the press and public be excluded from the meeting on the grounds that if they were to be present, exempt information could be disclosed to them as defined in the relevant paragraphs of schedule 12a of the Act.

The remainder of this item was considered in closed session.

It was proposed, seconded and AGREED that the Governance and Audit Committee:

1. **Undertakes a review of its Whistleblowing Policy.**
2. **Requests that a re-investigation takes place by the Council's External Auditors of the original Whistleblowing report, included the wider scope of the investigation agreed with the Chief Executive and Chairman of the Governance and Audit Committee**
3. **Request that all Officers of the Council receive further training on the Whistleblowing Policy.**

35. Internal Audit Annual Report

The Internal Auditor presented the report.

The Public Sector Internal Audit Standards required internal audit to undertake assessments of the overall adequacy and effectiveness of the organisations framework of governance, risk and control. Sources of information typically came from audits undertaken, observations, follow up implementation for actions agreed, any material risks identified, notable changes to objectives, processes and infrastructure and assurances from third line reports and regulators.

The work undertaken through the internal audit plan had not provided sufficient background information to make a determination solely based on the audit work. As part of the review process in May 2023, Internal Audit requested any second and third line reports that had been completed across the year. One of the reports requested related to the markets work cited as being completed by third party. This was deemed not relevant and there was no case of fraud.

The original review took place at the end of 2022/23, which was supported by the original action plan shared with the Committee in June 2023, which showed of the 30 tasks listed, 11 had completion dates prior to the end of March 2023.

The report summarised the key concerns which include six financial controls relating to payment to operatives charging fees for waste, trade fee anomalies and

inconsistencies, pitch fees not reflective of pitch size, unclear fee calculations and application of discounts and calculations of cash collected and record keeping.

The Internal Audit Annual Report was noted.

The Committee also noted the Council's management response included within the agenda pack with regard to this item.

36. Start Times of Council Meetings

The Cabinet Member for Corporate Governance and Licensing presented the report to consider different times for meetings, and in particular Full Council meetings. A questionnaire had been undertaken to receive feedback from Members on their preferred times of meetings relating to Full Council, Cabinet and other Committee meetings.

There had been a 62% response rate on the questionnaire, however, it was not very conclusive on whether Members wishes to retain current meeting times or not, with the exception of Full Council.

The Assistant Director of Governance highlighted the overview of the questions asked on the questionnaire and the responses received, which were set out in the appendices to the report.

In regard to the timing of Full Council meeting, the majority of respondents wished for a revised times of Full Council and the most responses had a preferred start time of 2pm.

In relation to Cabinet and other Committees, there was no response that outlined a request for the star times to change. It was suggested that the Leader of the Council determines the start time of Cabinet and Chairman of other Committee's determine the start times of their meetings.

It was proposed, seconded and **AGREED** to request the Chief Executive to consult with the Chairman of the Council regarding a 2pm start for Full Council meetings going forward.

*(At this stage of proceedings, it was proposed, seconded and **AGREED** to extend the meeting beyond three hours in duration)*

37. Local Government and Social Care Ombudsman - Annual Review Letter 2022-2023

The Cabinet Member for Corporate Governance and Licensing presented the report which was an annual report for 2022/23, recording the Council's activities in relation to complaints investigated by the Local Government and Social Care Ombudsman. This report highlighted that three complaints had been subject to investigation by the Ombudsman during 2022//23, with one complaint being upheld from the

perspective of the timescale associated with address the matter as opposed to the Council's decision-making processes.

A concern was raised on the process of the Ombudsman Service being the final stage of handling issues. It was queried how aware Members and public were around the Council's complaints process and how this led onto referrals to the Ombudsman.

It was recommended that training be provided to all Members and Officers on the Council's complaints process in order that further clarity could be provided to members of the public should they require it.

The Assistant Director of Governance confirmed that the Council had a Customer Feedback Policy that set out the complaint process to the Council. Any correspondence received, at any stage of a complaint response set out what the next stage would consist of. The Ombudsman would not consider a complaint usually, if the internal complaints process of an authority had not been exhausted.

It was requested that a review of Council complaints be added to the Committee's Work Programme for a future meeting.

ACTION: For the review of Council complaints to be added to the Committee's Work Programme for a future meeting.

Concern was raised that the same Officer was dealing with stage 1 and stage 2 of a complaint. It was noted that stage 1 and 2 should be dealt with by 2 different Officers, which did occur in accordance with the Council's policy.

The Chief Executive clarified that housing complaints were not covered by the Local Government Ombudsman and were reviewed by the Housing Regulator as a separate Ombudsman arrangement.

The process of housing complaints was a strict process and differed from the corporate complaint process.

It was proposed, seconded and **AGREED** for Officer's to collate a report to review the data on stage 1 and stage 2 complaints, number of complaints being referred to the Ombudsman and the number of complaints received in different services areas, to include those in relation to housing.

ACTION: For a review of the data on complaint's be added to the Work Programme for the meeting being held on 24 January 2024. The data will include information from April 2023-January 2024.

38. Counter Fraud Annual Report 2022-2023

The Cabinet Member for Corporate Governance and Licensing presented the report that covered years 2022-2023. The Committee was requested to approve the contents of the report, including the proposed action plan for 2023/24.

Section 3 of the report provided details of the whistleblowing referrals received by the confidential reporting line, which had been managed by Assurance Lincolnshire on behalf of the Lincolnshire Counter Fraud Partnership and acted as a central point of contact.

Section 3.4 of the report detailed the number of whistleblowing referrals received by Lincolnshire Authorities. Section 3.7 included the categories of those allegations. Section 5 reported on the details of the arrangements the Council had in place for housing benefit and council tax support. It also provided a summary of the housing benefit overpayment recovery for 2022/23. Section 6 provided details of arrangements in place for single person discount fraud.

The Council's primary approach for checking single person discount entitlement was tested via a countywide counter fraud review, which was likely to take place in 2023.

Section 7 of the report provided information regarding the process the Council followed in 2022/23 to ensure that eligible businesses had retail discount applied to their business rates account.

One Member raised concern of the Council's high whistleblowing figures compared to other Authorities.

It was queried as to how housing benefit overpayments were made and what measures could be put into place to refrain the overpayments.

Clarification was sought around the process of business rate relief and the assurance of businesses receiving the correct level of relief or possible overpayments.

The Assistant Director of Finance (Deputy S151 Officer) clarified that the high number of whistleblowing referrals may be due to the Council being a housing authority. The Council primarily utilised the confidential reporting line for all whistleblowing, whereas other authorities may have different ways of reporting council tax fraud and housing benefit fraud.

A breakdown in the report highlighted that nine were related to potential tenancy fraud, eight for benefit and council tax fraud, one relating to business rates and four relating to anti-social behaviour.

It was clarified that housing benefit fraud was primarily due to tenants not informing the Council of their claims requiring a reassessment. If housing benefit and council

tax support had been overpaid, the Council would make an arrangement with the individuals to repay the monies back to the Council.

The business rate relief was automatically applied to accounts ready for bills to be issued for April each year. Businesses were requested to complete an application form to state their eligibility for the relief. If the application form was not received, the relief was removed from the account in May of each year. The businesses could reapply for the relief if necessary, which would mean the businesses was not given relief that they would then be required to pay back to the Council.

It was queried as to what level of publicity was given to business rate relief for businesses. Concern was raised that certain businesses may not be aware of their eligibility.

The Council sent out letters to businesses in the District to encourage businesses to apply and claim for business rate relief or suggest why they may not be eligible.

The Cabinet Member suggested that the whistleblowing policy remained as it was. The Auditor had stated that the policy was fit for purpose and did not require reviewing.

It was proposed, seconded and **AGREED** to approve the contents of the report including the proposed action plan for 2023/24.

39. Health and Safety Annual Report 2022-2023

The Cabinet Member for Corporate Governance and Licensing presented the report that outlined the positive recording of health and safety measured and had received substantial assurance from auditors.

It was queried as to how the Council monitored whether policies were being followed or not.

The Health and Safety Lead confirmed that service areas undertook random monitoring of activities and independent monitoring by the Health and Safety Team was due to take place for higher risk safety areas.

One Member queried as to whether the annual report was in relation to Council employees or public that attended Council facilities.

The annual report considered the corporate operations within the Council and Council employees in terms of how the Council operated its risk control and mitigations with Officers and their practices.

Clarification was sought around the reason street scene had a high level of health and safety concerns.

It was clarified that street scene had the highest number of accidents and incidents due to the large number of staff within the service area, being required to work within the public domain and operate a large number of different vehicles.

One Member queried the vehicle accidents and incidents and whether the outcome was injured members of staff or public. The Council's fleet insurance was questioned as to the outcome of a third-party being involved in an accident or incident.

Concern was raised on the number of vehicular incidents and clarification was sought around the mechanical failure that had occurred.

The mechanical failure was related to part of a caged vehicle that had a failure of the hydraulic ramp. There were three vehicles of this type at the time, and all three vehicles were removed from the service whilst the manufacturer investigated.

That the Committee:

1. Notes the Health and Safety report for the period 2022/23.

40. Market Service Operational Review

The Deputy Leader of the Council presented the report which provided an update on the operations of the markets, not the future direction of the markets or the strategic review of the markets.

The appointment of a Markets Manager was ongoing and interviews were taking place.

It was noted that long term commercial viability of the markets was dependent on the outcome of any future market strategy which would influence future market operations.

One Member raised concern over actions marked completed in March 2023 on the action plan that were not complete in certain market towns. These related to the establish of working hours and roles, job descriptions, health and safety implications and consultation with impacted market operatives.

The Interim Assistant Director of Operations and Public Protection clarified that job descriptions had been written and evaluated. The job descriptions consultation with the market staff was due to take place during October/November 2023.

The report stated that formal consultation would take place during June 2023.

It was highlighted that the change of staff and the summer holidays had impacted the consultation being completed. Market staff only worked Thursdays, Fridays and Saturday, where 50% were casual staff and the other 50% were already working with the Council.

The urgency of health and safety mitigations for the Council's markets was emphasised.

One Member noted that the Council was starting to implement a 'pay by card' system for the payment of the stalls. It was queried as to whether any traders were not satisfied with the 'pay by card' option and as a consequence had indicated that they would not be returning to the market due to the payment type.

The Deputy Chief Executive (S151 Officer) clarified that traders also had a direct debit option available to pay for their stall. There had been no negative responses received in regard to payment types.

Operatives that collected payment in cash were depositing the monies on the day of the market.

It was noted that the job descriptions for the markets were being amended rather than re-created to reflect current practices of the markets.

A query was raised on what provisions were in place for when markets were not busy and whether the traders were contracted to stay for a certain period of time.

That the Governance and Audit Committee:

1. Notes the updated position with respect to the Markets Operational Action Plan.

41. Work Programme 2023- 2024

The Committee noted the contents of the Work Programme 2023-2024.

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

There was no other business.

43. Close of meeting

The Chairman closed the meeting at 14:05.

Action Sheet

To provide members with an update on actions agreed at the 26 September 2023 meeting of the Governance and Audit Committee.

Min no.	Agenda Item	Action(s)	Assigned to	Comments/status	Deadline
37	Local Government and Social Care Ombudsman – Annual Review Letter 2022-2023	For the review of Council complaints to be added to the Committee’s Work Programme.	Democratic Services Officer	Work Programme amended as required.	COMPLETE
37	Local Government and Social Care Ombudsman – Annual Review Letter 2022-2023	For a review of the complaints data to be added to the Work Programme for the meeting being held on 24 January 2024.	Democratic Services Officer	Work Programme amended as required. The data is to include information from April 2023 – January 2024.	COMPLETE

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South Kesteven District Council

Internal Audit Progress Report

29 November 2023

This report is solely for the use of the persons to whom it is addressed.

To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

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1 Key messages

The Internal Audit Plan for 2023/24 is being presented to the Governance and Audit Committee at the 29 November 2023 meeting. We will work closely with management to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in the current circumstances.

This report provides an update on progress against that plan and summarises the results of our work to date.



Audit dates for the 2023/24 Internal Audit Plan have been agreed with management and scoping meeting dates have also been agreed. All audits have been sufficiently resourced and are booked into our internal audit scheduling software. We are on track to deliver all audits during the current financial year to be able to provide our Head of Internal Audit Opinion



No reports have been issued as final which is in line with our planned timings outlined in Appendix A.



Two audit areas are to be confirmed with management; however, resources are held in the internal audit scheduling software between January – March 2024 to be able to deliver these when agreed.

Appendix A – Progress against the internal audit plan 2023/24

Assignment	Status / Opinion issued	Actions agreed			Target Audit and Governance Committee	Actual Audit and Governance Committee
		L	M	H		
Debtors and Debt Recovery	Fieldwork commencing 20 November 2023 – Scope Agreed				January 2024	-
Follow Up 1	Fieldwork commencing 27 November 2023 – Scope Agreed				January 2024	
Food Standards Agency	Fieldwork commencing 18 December 2023 – Scope Agreed				March 2024	-
Recruitment and Retention	Fieldwork commencing 8 January 2024 – Scoping Meeting Conducted				March 2024	-
Governance	Fieldwork commencing 8 January 2024 – Scope Agreed				March 2024	-
Purchasing and Creditors	Fieldwork commencing 29 January 2024 – Scoping Meeting Scheduled				March 2024	-
Cyber Treatment Plan	Fieldwork commencing 5 February 2024 – Scoping Meeting Conducted				March 2024	-
Payroll	Fieldwork commencing 19 February 2024 – Scoping Meeting Scheduled				May 2024	-
Risk Management	Fieldwork commencing 19 February 2024 – Scoping Meeting Scheduled				May 2024	-



Assignment	Status / Opinion issued	Actions agreed			Target Audit and Governance Committee	Actual Audit and Governance Committee
		L	M	H		
Section 106 Agreements	Fieldwork commencing 26 February 2024 – Scoping Meeting Scheduled				May 2024	-
Follow Up 2	Fieldwork commencing 26 February 2024 – Scoping Meeting Scheduled				May 2024	-
Audit TBC	Audit area to be confirmed. Resource available for delivery Jan – Mar 2024				May 2024	-
Audit TBC	Audit area to be confirmed. Resource available for delivery Jan – Mar 2024				May 2024	-



Appendix B – Other matters

Changes to the audit plan

Our approach to working with you is to respond to your changing assurance needs. By employing an 'agile' or a 'flexible' approach to our service delivery, we are able to change the focus of audits / audit delivery.

There have been no changes to the internal audit plan to report.

Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams.

The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department.

This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

Post assignment surveys

We are committed to delivering an excellent client experience every time we work with you. Your feedback helps us to improve the quality of the service we deliver to you.

Currently, following the completion of each product we deliver we attached a brief survey for the client lead to complete.

We would like to give you the opportunity to consider how frequently you receive these feedback requests; and whether the current format works. Options available are:

- After each review (current option).
- Monthly / quarterly / annual feedback request.
- Executive lead only, or executive lead and key team members.

Appendix C - Key performance indicators (KPIs)

	Delivery			Quality		
	Target	Actual	Notes (ref)	Target	Actual	Notes (ref)
Audits commenced in line with original timescales	Yes	Yes	*	Conformance with PSIAS and IIA Standards	Yes	Yes
Draft reports issued within 10 days of debrief meeting	10 days	N/A		Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	Yes
Management responses received within 10 days of draft report	10 days	N/A		Response time for all general enquiries for assistance	2 working days	2 working days
Final report issued within 3 days of management response	3 days	N/A		Response for emergencies and potential fraud	1 working day	N/A

Notes

* This takes into account changes agreed by management and the Governance and Audit Committee during the year. Through employing an 'agile' or a 'flexible' approach to our service delivery we are able to respond to your assurance needs.



For more information contact

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Aaron Macdonald, Manager

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rsmuk.com

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of South Kesteven District Council, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM UK Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.



SOUTH
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DISTRICT
COUNCIL



Governance and Audit Committee

Date 29 November 2023

Report of Councillor Ashley Baxter,
Deputy Leader of the Council

2023/24 Quarter 2 Treasury Management Activity

Report Author

Alison Hall-Wright, Deputy Director (Finance and ICT) and Deputy S151 Officer



Alison.hall-wright@southkesteven.gov.uk

Purpose of Report

This Council is required by regulations issued under the local Government Act 2003 to produce regular reports on treasury and debt management operations during the financial year. This report meets the requirements of the CIPFA Code of Practice on Treasury Management (the Code).

Recommendations

That the Committee:

1. Notes and approve the contents of the quarter 2 review of treasury management activity for 2023/24.

Decision Information

Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	High performing Council
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

1.1 The financial implications are included throughout this report.

Completed by: Richard Wyles, Deputy Chief Executive and S151 Officer

Legal and Governance

1.2 This report provides details of the Council's performance in respect of Treasury management against policy set out as part of the Budget and Policy Framework. Members should note the performance and scrutinise any elements to assist the role of the Governance and Audit Committee in its review of the Treasury Management Strategy.

Completed by: Graham Watts, Assistant Director, (Governance and Public Protection) and Deputy Monitoring Officer

Risk and Mitigation

1.3 Risk has been considered as part of this report. The treasury strategy has been compiled in conjunction with the Council's treasury advisors and is monitored by the committee on a regular basis.

Completed by: Tracey Elliott, Governance and Risk Officer

2. Background to the Report

- 2.1 Treasury Management is the term used to cover the Council's borrowing and investment strategies. The Council has formally adopted the key recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management. In line with the code the council has adopted a treasury management policy statement that requires regular reports on treasury and debt management operations during the financial year.
- 2.2 Additionally, under part 1 of the Local Government Act 2003, the Council is required to have regard to the Prudential Code for capital finance including the setting of Prudential Indicators. Relevant treasury management indicators were incorporated into the Treasury Management Strategy 2023/24 approved by Council on 1 March 2023.
- 2.3 This report is submitted in accordance with these requirements and provides a review of treasury management for the period ended 30 September 2023 and reviews current developments. The following elements are covered by the report:
- A review of debt management operations
 - A review of investment operations
 - An update on the treasury management Prudential Code Indicators
 - An economic update
- 2.4 The CIPFA Treasury Management panel promotes the view that Council's monitor performance on a quarterly basis. In addition to this, a report by the audit commission entitles 'Risk and Return' identifies the need for local authorities to report regularly to members in addition to the annual review.

3. Treasury Management Update

Debt Management Operations – Borrowing

- 3.1 No additional borrowing was required during the first half of 2023/24. All current Council borrowing is with the Public Works Loan Board (PWLB) and the average rate of interest paid on the debt portfolio was 2.46%.
- 3.2 Appendix A shows loans outstanding as at 30 September 2023. Regular reviews are undertaken to consider redemption costs of natural maturity against new borrowing to settle the outstanding debt early.
- 3.3 Short-term borrowing is defined as borrowing due to be repaid within 365 days. As at 30 September 2023, the council had short-term borrowing of £3.221m. This will be repaid in instalments of £1.611m on 28 March 2024 and 28 September 2024. The average annual rate of interest on these loan repayments is 3.03%.

Investment Operations

- 3.4 The average size of the investment portfolio for the 6-month period was £76.440m compared to an average portfolio size of £90.729m during the same period in 2022/23.

- 3.5 The decrease in the portfolio is due to the repayment of COVID-19 business grants following the reconciliation of the schemes and the payment of the Council Tax Rebate grant to eligible households during 2022/23.

Investment Activity in the period ended 30 September 2023

- 3.6 The Council operates a diverse portfolio and uses a number of methods to invest its reserves which include direct deposit, certificates of deposit, notice accounts and money market funds. As at 30 September 2023 the Council held short term investments of £76.440m (specified investments) and £3m (non-specified investments).
- 3.7 The Treasury Management Strategy stipulates that the Council should not ordinarily hold more than 35% of investments as non-specified and this was adhered to during the first half of 2023/24. A schedule of investments at 30 September 2023 is set out at Appendix A.
- 3.8 Short Term Fixed Deposits – In the period ended 30 September 2023, £58.0m of short-term fixed deposits were placed; £49.0m of investments matured within this same period.
- 3.9 Long Term Fixed Deposits – In the period ended 30 September 2023, there were no long-term fixed deposits placed and no long-term fixed deposits matured.

Treasury Management Prudential Code Indicators

- 3.10 Prudential Code indicators specific to treasury management are designed to ensure that treasury management is carried out in accordance with professional practice. Indicators for 2023/24, 2024/25 and 2025/26 were approved by Council on 1 March 2023 as part of the Treasury Management Strategy 2023/24.
- 3.11 The 2023/24 indicators and actual figures for the 6 months to 30 September 2023 are set out at Appendix A. All investment activity has been maintained within the indicator limits.

Economic Update from Link (the Council's Treasury Advisors)

- Base rate increased to 5.25% during the first half of 2023/24, this rate is expected to remain the same until the second half of 2024
- CPI inflation declined from 8.7% in April to 6.7% in September which is the lowest rate since February 2022
- RPI inflation declined from 11.4 in April 2023 to 8.9% in September 2023 which is also the lowest rate since February 2022

Amendments to the Treasury Management Strategy 2023-24

- 3.12 There are no recommended mid-year policy changes.

4. Key Considerations

- 4.1 These are considered throughout the report.

5. Other Options Considered

5.1 None.

6. Reasons for the Recommendations

6.1 Committee members should be kept updated on the financial position of the authority.

7. Background Papers

7.1 Treasury Management Strategy 2023/24

<http://moderngovsvr/documents/s37040/Appendix%20G%20-%202023-24%20Treasury%20Management%20Strategy%20Statement.pdf>

8. Appendices

8.1 Appendix A – Treasury Management Prudential Indicators

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Debt Maturity Analysis – Public Works Loan Board as at 30 September 2023

All current external borrowing is classified under the HRA

Duration	Amount £000
Less than one year	3,222
Between one and two years	3,222
Between two and five years	9,665
Between five and ten years	16,109
Between ten and fifteen years	41,109
Over fifteen years	11,276
Total	84,602

Investment Maturity Analysis – Schedule of Cash Funds

	As at 30 September 2023 £000	Interest Rate %
Short Term Investments		
Aberdeen Standard MMF	5,000	variable
Federated Prime3 MMF	5,000	variable
Invesco MMF	4,440	variable
LGIM	5,000	variable
Standard Chartered	14,000	5.46
HELABA	4,000	5.73
Goldman Sachs	3,000	4.83
Sumitomo MBC	3,000	5.52
Bank of Montreal	5,000	5.20
Lloyds	3,000	6.13
Close Brothers	10,000	4.93
Local Authorities	14,000	3.70
Total Short-Term	76,440	(average rate) 5.05
Long Term Investments		
CCLA Local Authority Property Fund	3,000	4.66*
Total Long-Term	3,000	(average rate) 4.66

*dividend yield on Net Asset Value as at 30 September 2023

External Debt Indicators

Authorised Limit

This represents the limit beyond which borrowing is prohibited and needs to be set and revised by members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003.

Authorised Limit For external debt	2023/24 £000	As at 30 September 2023 £000
Debt (non HRA)	33.000	0.000
HRA Reform	115.000	84.602
Other Long-term liabilities	0.000	0.000
Total	148.000	86.213

Operational Boundary

This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.

Operational Limit for external debt	2023/24 £000	As at 30 September 2023 £000
Debt (non HRA)	15.000	0.0000
HRA Reform	100.000	84.602
Other Long-term liabilities	0.000	0.000
Total	115.000	86.213



**SOUTH
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COUNCIL**



Governance and Audit Committee


29 November 2023

Report of Councillor Philip Knowles,
Cabinet Member for Corporate
Governance and Licensing

Strategic Risk Register

Report Author

Tracey Elliott, Governance & Risk Officer

 tracey.elliott@southkesteven.gov.uk

Purpose of Report

To provide an update on the Council's Strategic Risk Register.

Recommendations

Governance and Audit Committee is asked to approve:

- 1. The revised Strategic Risk Register.**
- 2. The adoption of a new risk scoring matrix.**

Decision Information

Does the report contain any exempt or confidential information not for publication?

No

What are the relevant corporate priorities?

High performing Council

Which wards are impacted?

All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 There are no specific financial implications associated with this report. The Strategic Risk Register is regularly reviewed to ensure agreed actions are implemented and new risks and remedial actions are identified as necessary.

Completed by: Alison Hall-Wright, Deputy Director (Finance & ICT) and Deputy S151 Officer

Legal and Governance

- 1.2 There are no specific legal and governance implications arising from this report.

Completed by: Graham Watts, Assistant Director (Governance and Public Protection) and Monitoring Officer

Risk and Mitigation

- 1.3 These are contained within the report.

Completed by: Tracey Elliott, Governance and Risk Officer

2. Background to the Report

- 2.1 One of the key areas for Governance and Audit Committee, as part of its terms of reference, is to monitor and review the risk management arrangements in place and the activities that are being undertaken to mitigate those risks. In accordance with Governance and Audit Committee's workplan the Strategic Risk Register will be presented to Committee twice a year for review. The Strategic Risk Register was last reviewed at the 15 March 2023 meeting of the Governance and Audit Committee.
- 2.2 Earlier this year, the Governance and Audit Committee discussed that the risks within the Strategic Risk Register should be reviewed to reflect the current external and internal operating environment. To achieve this, the RSM Risk Management Partner was asked to facilitate a review of the Council's strategic risks to ensure that they were current and to identify any new/emerging risks that the local government sector is facing.
- 2.3 The RSM Risk Management Partner had facilitated previous risk workshops and was instrumental in shaping the previous register and so their knowledge of the

Authority and the journey it is on was invaluable in achieving a successful outcome.

Review of Strategic Risks

- 2.4 Ahead of the first workshop in July, Assistant Directors and Directors were asked, in the context of the ambitions of the Corporate Plan, the following questions:
- a) *What would be the worst thing that SKDC could experience tomorrow or in the next 12 months?*
 - b) *What are the greatest challenges that SKDC faces in the next 12 to 24 months?*
 - c) *What are the greatest opportunities that SKDC has in the next 12 to 36 months?*
 - d) *What are SKDC's "emerging risks"?*
- 2.5 The responses to the questions were discussed at a workshop in July with Assistant Directors and Directors. They were also asked to consider a list of 35 local authority risks to ascertain whether they were a risk at the Council and what the causes and effects would be.
- 2.6 Based on the above discussions a draft risk register was developed. A follow-up workshop was held in September, with the same participants, to collectively agree the scoring of the risks – all participants had scored the risks independently ahead of the workshop. This resulted in the draft Strategic Risk Register attached as Appendix A.

Mapping of previous strategic risks to new risk register

The table below shows how the previous risks have been captured within the new risks:

Previous strategic risk register reference	New risk reference
1. Ensuring efficient and effective internal control/ compliance	2, 3, 11, 14, 15
2. Achieving Council transformation	7, 8, 10
3. Supporting communities	5, 13, 16
4. Achieving future financial resilience	4
5. Creating the right culture, capacity and capability	6, 9
6. Ability to be agile and focus in response to policy, national political change and changes to the external environment	12, 17
7. Ensuring robust security measures to protect the Council's data and assets from external threats	1

Proposed change to risk scoring matrix

- 2.7 Given the strategic risks have been thoroughly reviewed, and the risk management framework is also due for review, it is an opportune time to also review the risk scoring matrix. Considering how the risks are captured on the heat map of the draft Strategic Risk Register (last page of Appendix A), it is proposed that the Council moves away from the multiplication of Likelihood x Impact for the purpose of creating a risk score and instead utilise a non-multiplier risk prioritisation-based approach – this is further explained in Appendix B.
- 2.8 If the proposed non-multiplier risk matrix is used, the Council would be able to easily differentiate between risks with the same end score and will be able to identify more easily the most important risks which is where the focus needs to be.
- 2.9 The non-multiplier matrix would avoid the duplicate scoring of risks with risks being reflected by relative importance as indicated by the numbering below:

	4	10	13	15	16
IMPACT	3	6	9	12	14
	2	3	5	8	11
	1	1	2	4	7
		1	2	3	4
			LIKELIHOOD		

- 2.10 Appendix B shows the strategic risks on the current risk matrix and the proposed new risk matrix as a comparison.

3. Key Considerations

- 3.1 The Committee should monitor and review the risk management arrangements currently in place and the activities that are being undertaken to mitigate those risks.

4. Other Options Considered

- 4.1 None.

5. Reasons for the Recommendations

- 5.1 Governance and Audit Committee, as part of its terms of reference, 9.1 (xi) reviews the corporate risk register and other key risks (including partnerships) and seek assurances that appropriate mitigating action has been taken where necessary.

6. Background Papers

- 6.1 [Strategic Risk Register – March 2023](#)

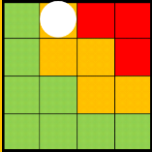
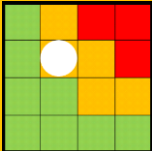
<https://moderngov.southkesteven.gov.uk/documents/s37167/Appendix%20A%20-%20Draft%20Strategic%20Risk%20Register.pdf>

7. Appendices

- 7.1 Appendix A – Draft Strategic Risk Register
- 7.2 Appendix B – Proposed change to risk scoring matrix



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Appendix A – Draft Strategic Risk Register with causes and effects November 2023

Strategic Risk Description (not listed by priority)	Potential key causes of the strategic risk and possible effects if realised	Residual score
<p>1. Successful/serious cyber security attack on the Council</p> <p><i>Note: This would be a failing on the part of the Council to ensure that its cyber security arrangements remain effective and fit for purpose</i></p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • Lack of effective cyber security policy and procedures (out of date, not communicated, not understood) • Lack of relevant and timely training relating to cyber security • Lack of clarity in roles and responsibilities relating to cyber security • Cyber security culture not bought into • Insecure digital systems and records (Council and third-party providers) <p>Possible effects:</p> <ul style="list-style-type: none"> • Inability to access systems – unable to deliver services • Data compromised – potential harm to individual/ICO fine • Investigation and rectification costs • Council reputation damage 	<p>Likelihood 2 x Impact 4 = High 8</p> 
<p>2. Serious safeguarding failure by the Council</p> <p><i>Note: This would be a failing on the part of the Council to ensure that its safeguarding arrangements remain effective and fit for purpose</i></p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • Lack of effective safeguarding policy and procedures (out of date, not communicated, not understood) • Lack of relevant and timely training relating to safeguarding • Lack of clarity in safeguarding roles and responsibilities • Safeguarding culture not bought into • Poorly maintained systems and records <p><i>(Reliance on volunteers in some areas increases the likelihood of above)</i></p> <p>Possible effects:</p> <ul style="list-style-type: none"> • Harm to service use • Investigation and rectification costs • Council reputation damage • Regulatory intervention 	<p>Likelihood 2 x Impact 3 = High 6</p> 

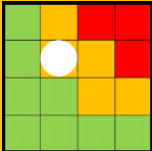
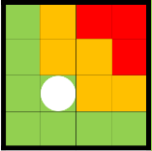
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Appendix A – Draft Strategic Risk Register with causes and effects November 2023

Strategic Risk Description <i>(not listed by priority)</i>	Potential key causes of the strategic risk and possible effects if realised	Residual score
<p>3. Serious health, safety, and well-being failure by the Council</p> <p><i>Note: This would be a failing on the part of the Council to ensure that its health, safety and well-being arrangements remain effective and fit for purpose</i></p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • Lack of effective application of health, safety and well-being policies and procedures (out of date, not communicated, not understood) • Lack of relevant and timely training relating to health, safety and well-being • Lack of clarity in health, safety and well-being roles and responsibilities • Health, safety and well-being culture not bought into • Lack of effective health, safety and well-being risk assessment • Poorly maintained systems and records <p>Possible effects:</p> <ul style="list-style-type: none"> • Harm to service user/staff member/visitor etc • Investigation and rectification costs (including potential fines) • Council reputation damage 	<p>Likelihood 2 x Impact 3 = High 6</p> 
<p>4. Ineffective financial management</p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • Increasing costs (out of controls) eg energy, supplies etc, or unforeseen financial event – major repair cost or fraud loss • Poor financial planning and budgetary control • Weak financial controls – financial procedures are out of date, not communicated, not understood, not followed • Lack of clarity in roles and responsibilities relating to financial management • Poorly maintained systems and records <p>Possible effects:</p> <ul style="list-style-type: none"> • Council financial stability threatened • Council plans stifled • Council reputation damage • Qualified Audit Opinion 	<p>Likelihood 1 x Impact 3 = Medium 3</p> 


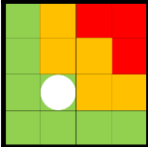
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Appendix A – Draft Strategic Risk Register with causes and effects November 2023


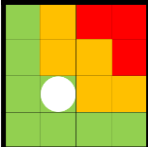
Strategic Risk Description <i>(not listed by priority)</i>	Potential key causes of the strategic risk and possible effects if realised	Residual score
<p>5. Unable to maintain and build quality and consistency in service provision by the Council</p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • Inadequate operating environment – outdated materials, technology, buildings etc • Lack of (loss of) knowledge and experience in those involved in service provision • Deficiencies in service delivery and poor performance not being addressed • Development and improvement plans not fit for future (coupled with lack of effective measurement SMART KPIs, monitoring and reporting) • Lack of innovation with regards to provision of services (lack of innovation culture) <p>Possible effects:</p> <ul style="list-style-type: none"> • Sub-optimal outcomes and experiences for service users • Negative regulatory outcome • Loss of confidence in the Council amongst stakeholders/reputation damage 	<p>Likelihood 2 x Impact 3 = High 6</p> 
<p>6. Unable to maintain and build sufficient staffing capacity and capability</p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • Recruitment – the Council doesn't know what skills and experiences are required • Recruitment – competition in the marketplace for candidates to fill vacancies • Recruitment – the Council is not seen as sufficiently attractive as an employer (image and profile, rewards and benefits, culture, and values etc) • Recruitment – lack of quality candidates to recruit • Retention – lack of personal/career development, progression and succession opportunities • Retention – the Council culture and behaviours are not bought into (for various reason) • Retention – more attractive employment elsewhere • Retention – poor performance goes unchecked – not identified and not addressed <p>Possible effects:</p> <ul style="list-style-type: none"> • Inconsistencies or deterioration in quality of service/provision • Deterioration in service user/stakeholder experience and outcomes • Inefficiency/increased costs experienced 	<p>Likelihood 2 x Impact 2 = Medium 4</p> 

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Appendix A – Draft Strategic Risk Register with causes and effects November 2023



Strategic Risk Description <i>(not listed by priority)</i>	Potential key causes of the strategic risk and possible effects if realised	Residual score
<p>7. Failure to explore digital transformation of Council Services</p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • No clear/consistent technology development and transformation strategy at the Council • No visibility of technology activities, application, and use (no embedded technology change culture) • No (or unreliable) mechanism to measure value generated at the Council through use of technology • Lack of capacity and capability in connection technology and digital provision • Lack of budget available to invest in future technologies <p>Possible effects:</p> <ul style="list-style-type: none"> • Sub-optimal service provision by the Council • Reduced service users experience • Inefficiency experienced – technology not used/not used to its full potential 	<p>Likelihood 2 x Impact 2 = Medium 4</p> 
<p>8. Not maintaining and developing fruitful partnerships and collaborations</p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • No clear or up to-date strategy or mandate re exploring, identification and engagement with other agencies to collaborate and partner with • Lack of reliable measures and assessment of outcomes (return on investment) from partnerships and collaborations • Lack of Council resources, capacity and capability to create and sustain effective collaborations and partnerships with businesses and other agencies <p>Possible effects:</p> <ul style="list-style-type: none"> • Resource waste – poor VFM • Sub-optimal outcomes for the Council • Reduced profile of the Council amongst key stakeholders 	<p>Likelihood 2 x Impact 2 = Medium 4</p> 

Appendix A – Draft Strategic Risk Register with causes and effects November 2023

Strategic Risk Description <i>(not listed by priority)</i>	Potential key causes of the strategic risk and possible effects if realised	Residual score
<p>9. #TeamSK values/culture are not lived</p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • Behavioural expectations are not clearly set out (not communicated or recognised) • Lack of measurement with regards to Council culture • Lack of organisation development capacity and capability re culture • Poor performance and behaviours are not tackled/good performance not recognised and celebrated <p>Possible effects:</p> <ul style="list-style-type: none"> • Reduced quality of provision – poor service user experience • Weakened governance – the Council make poor decisions • Staff dissatisfaction • Sub-optimal delivery and achievement of the Council plans • Reputation damage 	<p>Likelihood 2 x Impact 2 = Medium 4</p> 
<p>10. Failure to innovate and explore new ways of doing things</p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • No mandate to be innovative – no continuous improvement mind-set • Lack of capacity and capability to effect exploration/innovate • No mechanisms, systems, and process to enable innovation (and in doing so make it visible) • Reluctance to change (and innovation apathy), not seen as a priority <p>Possible effects:</p> <ul style="list-style-type: none"> • Resource waste and inefficiency • Sub-optimal provision of services (quality deterioration) – reputation damage • Council longevity/resilience reduced • Unattractive as an employer 	<p>Likelihood 2 x Impact 2 = Medium 4</p> 


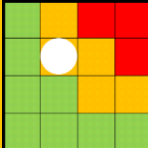
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Appendix A – Draft Strategic Risk Register with causes and effects November 2023

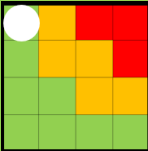

Strategic Risk Description <i>(not listed by priority)</i>	Potential key causes of the strategic risk and possible effects if realised	Residual score
<p>11. Unable to meet requirements of new regulations and legislation affecting the Council</p> <p><i>Note: Examples given were Environment Bill, Planning Act and recent Elections Act</i></p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • Lack of awareness or visibility of emerging/new regulations and legislation • Ineffective (untimely) interpretation to enable understanding of requirements and implications • Lack of communications/learning and development to meet new requirements across the Council • Ineffective response plans – what, how, who and when • Ineffective response – lack of resources, knowledge and experience, funding etc <p>Possible effects:</p> <ul style="list-style-type: none"> • Ultra vires activities – the Council could be subject to legal challenge • Deterioration in quality of services • Council reputation damage 	<p>Likelihood 1 x Impact 3 = Medium 3</p> 
<p>12. Not sufficiently engaging with and leveraging the green agenda</p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • No clear sustainability strategy and plan for the Council (or lack of commitment to plans in place) • No visibility of sustainability activities or mechanism to measure sustainability value provided by the Council • Lack of capacity and capability available in connection with sustainability • The Council do not prioritise the green agenda/sustainability – it is not core to decision making, communications etc • Lack of budget commitment to the green agenda/sustainability <p>Possible effects:</p> <ul style="list-style-type: none"> • Sub optimal value from sustainability being realised by the Council • Loss of Council profile amongst stakeholders and Partners – reputation damage • Inefficiency experienced 	<p>Likelihood 1 x Impact 3 = Medium 3</p> 

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Appendix A – Draft Strategic Risk Register with causes and effects November 2023


Strategic Risk Description (not listed by priority)	Potential key causes of the strategic risk and possible effects if realised	Residual score
<p>13. Not effectively engaging with our key stakeholders</p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • The Council has not determined its key stakeholders • Insufficient channels, systems and process through which to collate, assess stakeholder intelligence (coupled with ineffective monitoring, reporting and responding by the Council) • Lack of forward planning, prioritisation and agility to make changes required as a result of stakeholder engagement • Ineffective communications, marketing and publicity – function, systems, process and platforms <p>Possible effects:</p> <ul style="list-style-type: none"> • Stakeholders interests not best served • Erosion of confidence in the Council • Lack of learning - unable to exploit opportunities arising and poor performance remains invisible 	<p>Likelihood 2 x Impact 2 = Medium 4</p> 
<p>14. Governance failure</p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • Lack of clearly defined committee structure and procedures, including terms of reference to support effective decision making and scrutiny • Behavioural expectations of members (eg adherence with the Nolan Principles/Standards in Public Life) are not clearly set out (not communicated or recognised) This is currently heightened due to a large number of new members following recent elections • Lack of governance measurement – ineffective processes, non-adherence and poor behaviours go unidentified/not tackled • Lack of member development programme <p>Possible effects:</p> <ul style="list-style-type: none"> • Ineffective/inefficient decision making • Illegality • Stakeholder dissatisfaction • Local democracy undermined - reputation damage 	<p>Likelihood 2 x Impact 3 = High 6</p> 

Appendix A – Draft Strategic Risk Register with causes and effects November 2023

Strategic Risk Description <i>(not listed by priority)</i>	Potential key causes of the strategic risk and possible effects if realised	Residual score
<p>15. Significant fraud/theft successfully committed against the Council</p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • Lack of effective anti/counter fraud (theft and corruption) policy and procedures (out of date, not communicated, not understood), including whistle-blowing arrangements • Lack of relevant and timely training relating to preventing/detecting fraud (theft and corruption) • Lack of clarity in fraud/theft prevention roles and responsibilities • Anti-fraud culture not bought into • Poorly maintained systems and records <p>Possible effects:</p> <ul style="list-style-type: none"> • Investigation and rectification costs • Council reputation damage 	<p>Likelihood 1 x Impact 4 = Medium 4</p> 
<p>16. Unable to effectively achieve regeneration of communities</p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • No clear/consistent regeneration strategy at the Council (eg regeneration priorities not specified, not communicated etc) • Lack of funding/budget available to invest in regeneration • Lack of capacity and capability in connection regeneration, be this at the Council or within third parties/partner organisations within the district • No (or unreliable) mechanism to measure value generated by the Council through regeneration activities <p>Possible effects:</p> <ul style="list-style-type: none"> • Sub-optimal use of resources by the Council • Stakeholder dissatisfaction – reduced level of confidence in the Council • Reputational damage • Reduced service users experience 	<p>Likelihood 2 x Impact 2 = Medium 4</p> 

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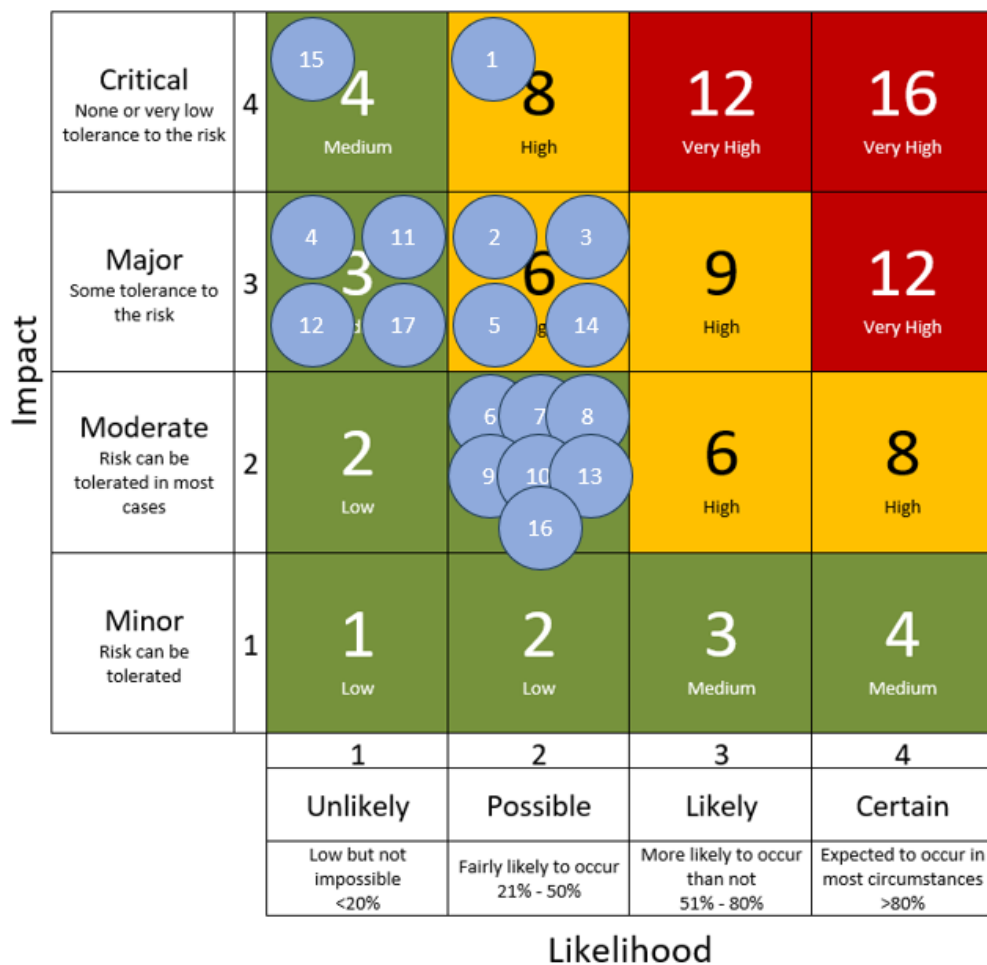
Appendix A – Draft Strategic Risk Register with causes and effects November 2023

Strategic Risk Description <i>(not listed by priority)</i>	Potential key causes of the strategic risk and possible effects if realised	Residual score
<p>17. Unable to effectively respond to changes in political priorities</p>	<p>Potential causes:</p> <ul style="list-style-type: none"> • Political shifts and movement - both at national and local level, including party and individuals creates a lack of clarity • Ineffective response plans – what, how, who and when. Difficulty in unwinding existing arrangements and commitments • Lack of available resources <p>Possible effects:</p> <ul style="list-style-type: none"> • Deterioration in quality of services • Dissatisfied stakeholder – Council reputation damage • Legal challenge 	<p>Likelihood 1 x Impact 3 = Medium 3</p> 

Appendix A – Draft Strategic Risk Register with causes and effects November 2023

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Risk Matrix



Strategic Risk Description (not listed by priority)

1. Successful/serious cyber security attack on the Council
2. Serious safeguarding failure by the Council
3. Serious health, safety and well-being failure by the Council
4. Ineffective financial management
5. Unable to maintain and build quality and consistency in service provision by the Council
6. Unable to maintain and build sufficient staffing capacity and capability
7. Failure to explore digital transformation of Council Services
8. Not maintaining and developing fruitful partnerships and collaborations
9. #TeamSK values/culture are not lived
10. Failure to innovate and explore new ways of doing things
11. Unable to meet requirements of new regulations and legislation affecting the Council
12. Not sufficiently engaging with and leveraging the green agenda
13. Not effectively engaging with our key stakeholders
14. Serious governance failure
15. Significant fraud/theft successfully committed against the Council
16. Unable to effectively achieve regeneration of communities
17. Unable to effectively respond to changes in political priorities

Appendix B – Proposed change to risk scoring matrix

Current risk matrix:

Risk Matrix

Impact	4	<div style="display: flex; justify-content: center; align-items: center;"> 15 4 </div> <div style="text-align: center; font-size: 0.8em;">Medium</div>	<div style="display: flex; justify-content: center; align-items: center;"> 1 8 </div> <div style="text-align: center; font-size: 0.8em;">High</div>	12	16
	3	<div style="display: flex; justify-content: space-around; align-items: center;"> 4 3 11 </div> <div style="display: flex; justify-content: space-around; align-items: center;"> 12 17 </div>	<div style="display: flex; justify-content: space-around; align-items: center;"> 2 6 3 </div> <div style="display: flex; justify-content: space-around; align-items: center;"> 5 14 </div>	9	12
	2	2	<div style="display: flex; justify-content: center; align-items: center;"> 6 7 8 </div> <div style="display: flex; justify-content: center; align-items: center;"> 9 10 13 </div> <div style="text-align: center; font-size: 1.5em;">16</div>	6	8
	1	1	2	3	4
		1	2	3	4
	Unlikely	Possible	Likely	Certain	
	Low but not impossible <20%	Fairly likely to occur 21% - 50%	More likely to occur than not 51% - 80%	Expected to occur in most circumstances >80%	

Likelihood

The rationale behind the proposal is that currently, Likelihood 1 x Impact 4 = 4. Similarly, Likelihood 4 x Impact 1 = 4. Both result in a risk score of 4 but they are a totally different type of risk requiring a different management approach.

In the first instance, due to the level of impact, this could be critical for the Council were the risk to occur. Therefore, the risk management effort should be focussed on ensuring the on-going effectiveness of the controls that reduce the likelihood of occurrence via provision of assurance.

In the second instance, due to the Likelihood (Certain) and Impact (Minor), this would present an immediate problem but would not be a threat to the Council's objectives. The risk management effort should be focussed on ensuring that immediate actions will resolve, defuse, or contain the risk.

Proposed risk matrix:

	4	10	13	15	16
IMPACT	3	6	9	12	14
	2	3	5	8	11
	1	1	2	4	7
		1	2	3	4
		LIKELIHOOD			

The new non-multiplier approach will enable the Council to prioritise risks more easily as compared with a multiplier where it may have risks with the same score, but which are not the same by nature.

It should be noted that the top left cell reference 10 is now an amber coloured risk rather than green for the purpose of recognising the magnitude of the impact on the Council.



SOUTH
KESTEVEN
DISTRICT
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Governance and Audit Committee


29 November 2023

Report of Councillor Philip Knowles,
Cabinet Member for Corporate
Governance and Licensing

Appointment of Director of Council-Owned Company – LeisureSK Limited

Report Author

Graham Watts, Assistant Director (Governance and Public Protection) and Monitoring Officer

 Graham.watts@southkesteven.gov.uk

Purpose of Report

The Governance and Audit Committee is requested to appoint a Director to fill a vacancy on the Board of LeisureSK Limited.

Recommendations

That the Governance and Audit Committee:

- 1. Approves the appointment of Deborah Roberts as a Director of LeisureSK Limited with immediate effect.**

Decision Information

Does the report contain any exempt or confidential information not for publication?

No

What are the relevant corporate priorities?

Growth and our economy
Healthy and strong communities

Which wards are impacted?

All wards

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 There are no financial implications arising from this report. Directorships of Council-owned companies do not offer any remuneration.

Completed by: Richard Wyles, Chief Finance Officer

Legal and Governance

- 1.2 It is strongly recommended that Cabinet Members are not appointed as Directors of Council-owned companies given their roles on 'Council-side' decision-making, unless there is a very strong justification for doing so. Similarly, consideration should be given as to whether the Council's Statutory Officers are also not placed in a similar position given their personal/individual responsibilities in respect of the Council. The officer proposed for appointment in this report is not a Statutory Officer.

Completed by: Graham Watts, Assistant Director of Governance and Monitoring Officer

2. Background to the Report

- 2.1 A vacancy has arisen on the Board of the Council-owned company, LeisureSK Limited. The Governance and Audit Committee is requested to consider making an appointment to fill this vacancy.

3. Key Considerations

- 3.1 Following the recent resignation of Craig Spence from LeisureSK Limited, the Board currently consists of Councillor James Denniston, Councillor Charmaine Morgan, Nicola M^cCoy-Brown (Director of Growth and Culture at South Kesteven District Council) and David Monkhouse (Non-Executive Director) who continue to oversee the operational and financial performance of the company.
- 3.2 This resignation has left an officer vacancy on the Board of Directors for the company, with the understanding that appointments from the Council onto the Board would reflect two officer and three elected Member positions.
- 3.3 Deborah Roberts, Head of Corporate Projects, Performance and Climate Change, is nominated to fill the officer vacancy. She has 15 years of local government project management experience, which includes leading on a complex leisure contract re-tendering process at another local authority, generating a financial return to the Council. In this former role, Debbie led a project which successfully refurbished a leisure centre, winning awards for the outcome and has led several large funding bids to enhance facilities for enhancing the visitor offer. At South Kesteven District Council Debbie was involved in the transfer of leisure services from 1Life to LeisureSK Limited, so has an operational understanding of the facilities. As Head of Projects, Performance and Climate Change she is up to date on a range of funding opportunities that the Council has submitted, or will be reviewing, to support the Council achieving its zero carbon target. Sustainability, from a climate and financial point, will be a key focus going forward and she believes she can offer experience in a range of areas and provide guidance to the Board in decision-making around these. Deborah Roberts has indicated that she would be willing to act as Director of LeisureSK Limited should her nomination be approved.
- 3.4 A vacancy for a Councillor from the South Kesteven Coalition Group is still in place. The Leader of the South Kesteven Coalition Group has delegated authority to appoint a Councillor to this position at any time.

4. Other Options Considered

- 4.1 The Governance and Audit Committee could opt not to make an appointment to the Board of LeisureSK Ltd.
- 4.2 The Committee could make further appointments to those set out in the report and consider an alternative appointment to the Officer recommended in paragraph 3.3.

5. Reasons for the Recommendations

- 5.1 To ensure that Council-owned companies are properly constituted in terms of Board membership in order that they are quorate, can take decisions and operate in accordance with their articles of association.

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SOUTH
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Governance and Audit Committee


29 November 2023

Report of Councillor Philip Knowles,
Cabinet Member for Corporate
Governance and Licensing

Risk Management Annual Report 2022/23

Report Author

Tracey Elliott, Governance & Risk Officer

 tracey.elliott@southkesteven.gov.uk

Purpose of Report

One of the key areas for Governance and Audit Committee, as part of its terms of reference, is to monitor and review the risk management arrangements in place and the activities that are being undertaken to mitigate those risks.

Recommendation

Governance and Audit Committee is asked to approve the Risk Management Annual Report 2022/23.

Decision Information

Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	High performing Council
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 There are no specific financial comments arising from this report.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

Legal and Governance

- 1.2 There are no additional legal implications to consider.

Completed by: Graham Watts, Assistant Director, (Governance and Public Protection) and Monitoring Officer

Risk and Mitigation

- 1.3 These are contained within the report.

Completed by: Tracey Elliott, Governance and Risk Officer

2. Background to the Report

- 2.1 A key element of the terms of reference of the Committee is to monitor and review the risk management arrangements in place and the activities that are being undertaken to assess the effectiveness of those arrangements.

Risk Management Framework

- 2.2 The current Risk Management Framework 2021/23 was revised and approved by Governance and Audit Committee at its meeting on 9 June 2021. The Framework provides details of the risk environment the Council operates within, and the controls and mechanisms that are in place, to ensure risk is sufficiently managed

by officers and Members. Throughout the period of 2022/23, risk management activities have been undertaken in accordance with the Framework. During the financial year the Framework has been responsive and adaptive to respond to the reflect the ever-changing operating framework.

- 2.3 Pending approval of the draft Strategic Risk Register, and the proposal to move to a new risk scoring matrix, the framework will be updated accordingly and presented to Governance and Audit Committee in March 2024.

Risk Management Group

- 2.4 Risk Management Group has been a quarterly agenda item at Senior Leadership Team. At those meetings agenda items included risk management, internal audit, insurance, counter fraud, and corporate governance.
- 2.5 During the 2022/23 financial year the Council's insurers undertook a Motor Fleet Risk Assessment resulting in six important, and three advisory, actions to be implemented:

Important actions:

- Proactive use of driver behaviour telemetry and technology
- Risk based frequency for licence checks
- Grey fleet policy and implementation review
- Comprehension checks to ensure policies are understood
- Annual declaration in relation to fitness to drive
- Fleet performance management

Advisory actions:

- Development of communication strategy to raise awareness of fleet safety issues
- Formation of Council fleet/safe driving steering group
- Incorporation of other in-vehicle distractions in the mobile phone policy

- 2.6 The Motor Fleet Risk Assessment actions have been a standing agenda item for Risk Management Group and progress against these actions are monitored by the Group. In particular, significant work has been undertaken in respect of the use of telemetry and speeding which culminated in a 'Driving at a Safe Speed Policy' (Appendix to Operational Driving Policy) was approved at Employment Committee on 29 June 2023 and implemented on 1 August 2023. A link can be found here: [Driving at a Safe Speed Policy.pdf \(southkesteven.gov.uk\)](#)

Strategic Risk Register

- 2.7 The Strategic Risk Register is reviewed by Corporate Management Team and Governance and Audit Committee biannually. Governance and Audit Committee last approved the Strategic Risk Register on 15 March 2023.
- 2.8 The latest draft Strategic Risk Register is a separate agenda item at this meeting.
- 2.9 Strategic risk controls and actions are tracked and monitored using software 4risk™. This risk management software provides a complete picture of the risk, controls and assurance environment. 4risk enables and enhances the ability to monitor and measure overall exposure to risk and examine the effectiveness of the control environment through tailored reporting options. Progress of risk actions can be tracked through to implementation and outcome.

3. Key Considerations

- 3.1 The Committee should monitor and review the risk management arrangements currently in place and the activities that are being undertaken to mitigate those risks.

4. Other Options Considered

- 4.1 None.

5. Reasons for the Recommendations

- 5.1 Governance and Audit Committee, as part of its terms of reference, 9.1 (xii) approve the annual report on risk management activity and consider the effectiveness of the Council's overall arrangements for managing risk.

Governance and Audit Committee Work Plan 2023-24

Committee Membership:

Chairman: Councillor Tim Harrison

Vice-Chairman: Councillor Paul Wood

Item	Current Issues/Status	Outcome Sought
24 January 2024		
Internal Audit Progress Report	Update from the Council's Internal Auditors	To review and note the contents of the report
Indicative Internal Audit Plan 2024/2025	Internal Audit to present the indicative Internal Audit Plan for 2024/2025.	To review and note contents of plan for 2024/2025.
Treasury Management Mid-Year Review	Update on treasury and debt management operations during the financial year.	To review and note the contents of the mid-year review..
Counter Fraud Framework 2024/2026	A report on The Counter Fraud Framework 2024/2026.	To review and note the contents of the report.
Safeguarding Annual Report 2022/2023	An overview of the Council's involvement in the safeguarding of children, young people and vulnerable adults for 2022/2023.	To review and note the contents of the report.
Council Complaints Review	A review of the process, to include data from April 2023 – January 2024.	To review and note the contents of the report.
13 March 2024		
Annual Report on Grants and Returns	Report providing details on the Housing Benefit Subsidy Claim.	To review and note the contents of the report.
Risk Management Framework 2023/2025	A presentation of the Risk Management Framework 2023/2025.	To review and note the contents of the report.

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Agenda Item 13

Item	Current Issues/Status	Outcome Sought
Internal Audit Progress Report	Update from the Council's Internal Auditors	To review and note the contents of the report
Statement of Accounting Policies	Annual report prior to the preparation of the Statement of Accounts to ensure that the policies are up to date and in line with the CIPFA Code of Practice.	To consider approving the Statement of Accounting Policies.
Strategic Risk Register	The Strategic Risk Register is presented to the Committee bi-annually as part of the monitoring and review of the risk management arrangements.	To review and consider approving the Strategic Risk Register.
Planning Service Review	An update on the review process of the Planning Service.	To review and note the contents of the report
Items to be allocated as and when required		
Financial Regulations		
Code of Corporate Governance		
Code of Conduct		
Contract Procedure Rules		
Risk Management Framework		
Committee Members Meeting with Auditors		
Counter Fraud Framework		

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