

Governance and Audit Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Wednesday, 24 January 2024 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 29 November 2023** (Pages 3 - 14)
- 4. Updates from previous meeting** (Page 15)
To consider updates on Actions agreed at the meeting held on 29 November 2023.
- 5. External Audit Findings 2022-2023** (To Follow)
- 6. Value for Money Opinion 2021-22 and 2022-2023** (To Follow)
- 7. Statement of Accounts 2022-2023 Update** (To Follow)

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Karen Bradford, Chief Executive

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- 8. Internal Audit Progress Report** (Pages 17 - 51)
Auditors from RSM UK Risk Assurance Services will present the Internal Audit Progress Report.
- 9. Appointment of the Council Internal Auditors** (Pages 53 - 56)
One of the key areas for Governance and Audit Committee, as part of its terms of reference, is to approve the appointment of internal audit services which is an integral element of the Council's overall risk management and control arrangements.
- 10. Treasury Management Strategy Statement 2024-2025** (Pages 57 - 92)
This Council is required by regulations issued under the Local Government Act 2003 to produce a Treasury Management Statement for each financial year. The draft Statement meets the requirements of the CIPFA Code of Practice on Treasury Management (the Code) and the Prudential Code.
- 11. Complaints Statistics: April-November 2023** (To Follow)
To present the complaints statistics for the period April – November 2023.
- 12. Health and Safety Policy 2023 - 2025** (Pages 93 - 129)
This report presents the updated Health and Safety Policy. This updated policy ensures compliance with the Council's legal duties and covers the period 2023-25. The Council's Health and Safety Policy is its statement of intent and commitment to managing any risk that may arise from its undertakings.
- 13. LeisureSK Limited - Board of Directors** (Pages 131 - 135)
The Governance and Audit Committee is requested to consider a recommendation from the Culture and Leisure Overview and Scrutiny Committee regarding a 'Vote of No Confidence' in the Board of Directors.

The Governance and Audit Committee is also requested to consider making appointments to the Board of Directors further to the resignations of Councillor James Denniston, Councillor Charmaine Morgan and South Kesteven District Council Corporate Director Nicola M^cCoy-Brown.
- 14. Work Programme 2023 - 2024** (Pages 137 - 138)
To consider the Committee's Work Programme for 2023 – 2024.
- 15. Any other business, which the chairman, by reasons of special circumstances, decides is urgent.**

Meeting of the Governance and Audit Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Wednesday, 29 November 2023, 2.00 pm

Committee Members present

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

Councillor Patsy Ellis
Councillor Graham Jeal
Councillor Bridget Ley
Councillor Charmaine Morgan
Councillor Rob Shorrocks
Councillor Peter Stephens
Councillor Sue Woolley

Cabinet Members present

Councillor Ashley Baxter (Deputy Leader of the Council)
Councillor Rhea Rayside (Cabinet Member for People and Communities)
Councillor Paul Stokes (Cabinet Member for Culture and Leisure)

Officers present

Richard Wyles (Deputy Chief Executive and S151 Officer)
Graham Watts (Assistant Director, Governance and Public Protection, and Monitoring Officer)
Alison Hall-Wright (Deputy Director of Finance and Deputy S151 Officer)
Claire Moses (Head of Revenues, Benefits, Customer and Community)
Tracey Elliot (Governance and Risk Officer)
Sarah Downs (Democratic Services Officer)

Robert Barnett (RSM Auditor)
Aaron Macdonald (RSM Auditor)

44. Apologies for absence

An apology for absence was received from Councillor Ian Stokes.

Councillor Graham Jeal substituted for Councillor Stokes.

The Monitoring Officer added that Councillor Philip Knowles, the Cabinet Member for Corporate Governance and Licensing sent apologies.

The Deputy Leader confirmed apologies were received from the Leader.

45. Disclosure of interests

Councillor Charmaine Morgan stated that as a Director of LeisureSK Ltd she may be required to leave the Chamber during agenda item 11 – the Appointment of Director for Council-Owned Company, LeisureSK Ltd. She therefore declared an Other Registerable Interest.

There were no other interests disclosed.

46. Minutes of the meeting held on 26 September 2023

The minutes of the meeting held on 26 September 2023 were proposed, seconded and **AGREED** as a correct record.

47. Updates from previous meeting

All actions from the previous meeting were complete. No further comments were made.

The Chairman clarified that agenda items 5, 6 and 7 were to be deferred to the next meeting on 24 January 2024. These items were:

- External Auditing Findings 2022-2023
- Value for Money Opinion 2021-2022 and 2022-2023
- Statement of Accounts update 2022-2023

48. Internal Audit Progress Report

The Internal Auditor from RSM UK presented the report to update Members on the current position of the 2023/2024 Internal Audit Plan.

Audit dates for the 2023/2024 Internal Audit Plan had been agreed with management and scoping meeting dates had also been agreed. All audits had been sufficiently resourced and were booked into the internal audit schedules. The Auditors were on track to deliver all audits during the current financial year to be able to provide a Head of Internal Audit Opinion. One audit was complete and was able to be brought before a future Committee meeting. Two audit areas were to be confirmed with management; however, resources were held in the internal audit scheduling software between January – March 2024 to be able to deliver these when agreed.

A Progress report was to be heard at each future Governance and Audit Committee meeting and it was fully expected that the full audit programme was to be delivered as expected, with the support of officers, through regular communication.

During discussion, Members raised the following points:

- The extensive work to be undertaken was acknowledged alongside the reliance on officers within the Finance Team. Had the most essential audits been prioritised?
- When would the information be provided so as to ensure completion of the final two audit assignments?
- Which audit items had been held back? It had been previously requested that an audit be conducted on the Housing Process and the delays within the repairs system.
- If a new audit requirement emerged, was there flexibility and resilience to undertake it? An extra meeting may be required to hear all audits by the end of the year.

The Deputy Chief Executive acknowledged the comments about workload and added that all officers were focused on supporting the delivery of the Plan. There was enough resilience within the Finance Team to ensure that happened. It was for the Governance and Audit Committee and the Senior Team to collectively agree where the audit time would be best spent. It had been recognised that a request had been made for an audit on the Housing Repairs process, however, this had not been formally proposed, seconded and agreed as a decision by Members.

A Member **proposed** that the Housing Responsive Repairs process and delivery be added to the Internal Audit Plan. This was **seconded** and **AGREED**.

It was considered that the Housing Planning process could be considered in future Audit Plans.

The Deputy Leader informed Members that nationally there were limited numbers of Internal Auditors for Local Government and this had impacted costings and workload.

The Deputy Chief Executive confirmed a published decision that clarified the financial implications of the use of Internal Auditors on an interim basis. The Officer confirmed a link to this publication could be circulated to Members if they requested it.

The Auditor confirmed that any suggested changes or additions would be looked at and the rationale for making those changes or swapping for a different audit within the Plan would be brought before the Committee.

ACTION:

The link to the publication to be circulated to Members of the Governance and Audit Committee.

49. Treasury Update Report (Qtr 2) 2023-2024

The report was presented by the Deputy Director of Finance and Deputy S151 Officer.

Treasury Management was the term used to cover the Council's borrowing and investment strategies. The Council had 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 had adopted a Treasury Management Policy Statement that required regular quarterly reports on treasury and debt management operations during the financial year. Additionally, under part 1 of the Local Government Act 2003, the Council was 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. This report was submitted in accordance with these requirements and provided a review of treasury management for the period ended 30 September 2023 and reviewed current developments.

The following elements were 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

No additional borrowing was required during the first half of 2023/24. All current Council borrowing was with the Public Works Loan Board (PWLB) and the average rate of interest paid on the debt portfolio was 2.46%. Regular reviews were undertaken to consider redemption costs of natural maturity against new borrowing to settle the outstanding debt early. Short-term borrowing was 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 would 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 was 3.03%.

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. The decrease in the portfolio was 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.

The Council operated a diverse portfolio and used 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).

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. In the period ended 30 September 2023, there were no long-term fixed deposits placed and no long-term fixed deposits matured.

Prudential Code indicators specific to treasury management were designed to ensure that treasury management was 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. All investment activity had been maintained within the indicator limits.

An economic update from Link (the Council's Treasury Advisors) confirmed the following:

- Base rate increased to 5.25% during the first half of 2023/24, this rate was 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 was the lowest rate since February 2022
- RPI inflation declined from 11.4 in April 2023 to 8.9% in September 2023 which was also the lowest rate since February 2022

The following points were raised during discussion:

- Was the Council not able to invest any cash deposits over a longer-term to reduce any shortfall?
- Was 3.7% an average figure, referencing the local authority section of the maturity analysis? How many local authorities were included?
- How was the £14 million calculated for the grant funds that were returned and were the Council able to retain the interest that accumulated?
- A review of investment processes used by local authorities would be useful, particularly development investment within towns.
- A Member acknowledged the use of expert treasury advisors who had to adhere to a code of practice.

- A Member suggested that the Council look into the possibility of investing in houses if this was possible. It was acknowledged that there may be a limit on how many properties the Council were permitted to purchase.
- It was essential that all short-term investments met the recently approved ethical and fair tax investment motion agreed at the last Council meeting. The Council should avoid funds that don't fit the ethical demands of that motion. How will the Treasury Management process respond to that policy?

The Deputy Director of Finance and Deputy S151 Officer confirmed that any shortfalls between income and expenditure would be funded by reserves and not cash. The reduction in investments of over £14 million was due to the holding of grant balances that were required to be repaid to central government. The Council was only able to invest longer-term for up to six months as per recommendation from treasury advisors. The Officer confirmed that a list of local authorities included within the maturity analysis would be circulated to Members.

ACTION:

A list of Local authorities included within the maturity analysis would be circulated to Members.

It was not possible to confirm how the Government calculated their figures in reference to Business Rates but would have been based on the assumption that possible businesses applied or were eligible. National businesses, for example, Specsavers, would have been eligible for a £25,000 grant within one of those schemes, but taking state aid into consideration they would only have been able to receive a very small amount of that grant funding. Grant schemes frequently had an application process of very limited time and funding was received quickly. There was an assumption that information was obtained from the Valuation Office who held all relevant information for each local authority. It was confirmed that the Council was able to retain the interest received while holding grant funds.

The Officer informed Members that the priorities of the treasury management process were ultimately security, followed by liquidity and then yield. The Council must always invest in safe institutions in accordance with the advice received from the treasury advisors to endure security. The Financial Conduct Authority were looking in regulations around ethical, social and governance (ESG) as it was a very complex matter. It was possible to invest in an ethical institution but to not be wholly aware of where that institution was placing their funds. It was confirmed that the Housing Revenue Account (HRA) was able to acquire houses to then rent out to tenants but there was a cap on how many purchases were allowed to be made.

The Deputy Chief Executive added that it was important to be able to access funds in the short-term rather than require additional borrowing which would carry a further cost to the Council. The officer also informed Members that security, liquidity and yield were the primary code requirements within the treasury

management process. These rode precedent over any other ethical requirements. It was clarified that the word 'investment' was not included within the motion agreed at Full Council meeting on 24 November 2023. The Council had a duty of care to the taxpayers on their money being invested in financial institutions that were underpinned by the rating agencies such as CIPFA (Chartered Institute of Public Finance and Accountancy) and the treasury advisors that were employed to keep the Council's funds safe. This was ultimately to enable the Council's services to be delivered.

The Deputy Director of Finance and Deputy S151 Officer informed Members that the Council had to comply not only with the CIPFA Code but also with the Local Government Act and the Prudential Code which set out how investments had to be placed.

ACTION:

The information from the Members' Treasury Management training was to be circulated to those who were unable to attend training.

The Deputy Leader of the Council acknowledged that during the Covid Pandemic, Government was having to make decisions very quickly due to the urgent needs within each community. It was acknowledged that the recent approval of the Fair Tax declaration for treasury management was welcome, however it was noted the motion was agreed only days ago on 24 November 2023. The Cabinet Member informed Members they all had a responsibility to look at treasury management processes at other local authorities and learn from them.

The Deputy Chief Executive confirmed that as the proposal, put forward at Full Council, did not refer specifically to investments of this authority but referred to fair tax and governance, and on that understanding he was happy to endorse it. The Officer clarified that he was happy that the ethical statement within the Treasury Strategy that was approved in March 2023 had enough parameters and governance within it as it had its own ethical requirements as per CIPFA. It was essential that the Council kept a broad portfolio of investors to protect funds and reduce risk.

It was **proposed and seconded and AGREED**, in view of the motion agreed at Full Council that the Governance and Audit Committee request that Link, the Council's Treasury Advisors, review the Council's investment portfolio due to concerns raised and officers return their findings to a future meeting.

It was proposed, seconded and AGREED that the Committee noted and approved the contents of the quarter 2 review of treasury management activity for 2023/24.

50. Strategic Risk Register

The Deputy Chief Executive presented the report.

One of the key areas for Governance and Audit Committee, as part of its terms of reference, was to monitor and review the risk management arrangements in place and the activities that are being undertaken to mitigate those risks. The Strategic Risk Register was last reviewed at the 15 March 2023 meeting of the Governance and Audit Committee.

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. 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 was on was invaluable in achieving a successful outcome.

A workshop was held in July 2023 with Assistant Directors and Directors. They were 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. Based on the discussions a draft risk register of 17 risks 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.

Given the strategic risks had been thoroughly reviewed, and the risk management framework was also due for review, it was an opportune time to also review the risk scoring matrix. If the proposed non-multiplier risk matrix was 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 was where the focus needed to be. This was an ever-changing process as priorities changed constantly. The non-multiplier matrix, although still based on impact and likelihood, would avoid the duplicate scoring of risks with risks being reflected by relative importance.

Members raised the following points during discussion:

- The updated scoring of risks was welcomed.
- An explanation of the scoring of risk of staff turnover was requested.
- A Member asked why homelessness was not considered a reputational high-risk area and a top priority to be focused on. There was a lot of work still to be done within the area of Housing.
- The lack of Economic Development Strategy potentially led to business criticism and could be considered a risk in the way the Council was failing the local economy.

- Was the Strategic Risk Register sufficiently informative? Another column on the scoring matrix could reflect controls on how each risk was managed.
- It was acknowledged that the scoring matrix had been established by qualified professionals and that Members were mostly not qualified to over-ride the risk likelihood scores.

The Deputy Chief Executive informed Members that staff turnover was generally very low currently and employment rates were therefore very high. The Register was a strategic risk register not an operational risk register and provided a snapshot of the risks that the Council was currently facing, for example, cyber-security which was considered a potential severe risk. A robust policy had been approved and put in place to combat the level of risk. Today's meeting was to establish the risks that Members wanted to see on the register and the controls would then be established accordingly. This would produce a gross score and a residual score.

It was **proposed** that the Governance and Audit Committee accept the additional risk areas – Housing, the Economic Development Strategy and Grant Funding within the Strategic Risk Register.

The Member also **proposed** an amendment to the risk scoring matrix. It was recommended that Item 5 in appendix A (page 3) – 'unable to build and maintain quality and consistency in service provision by the Council' be scored at '3' rather than '2'.

The Monitoring Officer offered guidance on the type of matrix that was used to determine the scoring. The scores were based on an assessment being made from '1 – 4' on the likelihood that anything would happen:

- Up to 20% (unlikely)
- 21-50% (fairly likely)
- 51 – 80% (more likely to occur than not)

The Monitoring Officer also confirmed that the Draft Economic Development Strategy was listed for consideration at the February 2024 meeting of the Finance and Economic Development Committee.

The Internal Auditor informed Members that the scoring was residual. The process started with a gross risk and controls were then put in place, giving a residual score. Without knowing what specific controls were in place, it was not possible to question the scoring.

Members decided a review of the scoring was to be considered in six months' time.

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

1. **The revised Strategic Risk Register, with the additional risk of ‘failure of the Council to have relevant strategies in place.’**
2. **The adoption of a new risk scoring matrix on the basis that it was reviewed in six months.**

51. Appointment of Director of Council-Owned Company - LeisureSK Limited

(Councillor Charmain Morgan declared an Other Registerable Interest and left the meeting)

The report was introduced by the Deputy Leader of the Council.

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

Following the recent resignation of Craig Spence from LeisureSK Limited, the Board currently consisted of Councillor James Denniston, Councillor Charmaine Morgan, Nicola McCoy-Brown (Director of Growth and Culture at South Kesteven District Council) and David Monkhouse (Non-Executive Director) who continued to oversee the operational and financial performance of the company. This resignation had 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.

Deborah Roberts, Head of Corporate Projects, Performance and Climate Change, was nominated to fill the officer vacancy. She had 15 years of local government project management experience, which included leading on a complex leisure contract re-tendering process at another local authority, generating a financial return to the Council. At South Kesteven District Council Debbie was involved in the transfer of leisure services from 1Life to LeisureSK Limited, so had an operational understanding of the facilities and she believed she could offer experience in a range of areas and provide guidance to the Board in decision-making around these. Deborah Roberts had indicated that she would be willing to act as Director of LeisureSK Limited should her nomination be approved.

A vacancy for a Councillor from the South Kesteven Coalition Group was still in place. The Leader of the South Kesteven Coalition Group had delegated authority to appoint a Councillor to this position at any time.

The following points were raised by Members during discussion:

- It was acknowledged that the vacancy within the South Kesteven Coalition Group was likely to remain open currently and a time limit was suggested.

It was proposed, seconded and AGREED that a time limit on filling the vacancy within the South Kesteven Coalition Group was confirmed as two weeks from 29 November 2023.

It was proposed, seconded and AGREED that the Governance and Audit Committee approved the appointment of Deborah Roberts as a Director of LeisureSK Limited with immediate effect.

52. Risk Management Annual Report 2022-2023

(Councillor Morgan rejoined the meeting)

The Deputy Chief Executive presented the report.

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 provided details of the risk environment the Council operated within, and the controls and mechanisms that were in place, to ensure risk is sufficiently managed by officers and Members. Throughout the period of 2022/2023, risk management activities had been undertaken in accordance with the Framework. During the financial year the Framework had been responsive and adaptive to respond to the reflect the ever-changing operating framework.

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 had 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. During the 2022/2023 financial year the Council's insurers, Zurich undertook a Motor Fleet Risk Assessment.

The Motor Fleet Risk Assessment actions had been a standing agenda item for Risk Management Group and progress against the actions identified were monitored by the Group. In particular, significant work had been undertaken at the request of the insurers, in respect of the use of telemetry and speeding which culminated in a 'Driving at a Safe Speed Policy' (Appendix to Operational Driving Policy) which was approved at Employment Committee on 29 June 2023 and implemented on 1 August 2023. Training workshops with key officers and grey fleet drivers as well as operatives who drive every day were undertaken to support increased awareness by staff that are representing the Council around the district.

During discussion, the following points were raised by Members:

- The report was welcomed.

- Checks on telemetry and speeding were welcomed as ways to educate and increase awareness of employees who drive as part of their roles.

It was proposed, seconded and AGREED that The Governance and Audit Committee approved the Risk Management Annual Report 2022/23.

53. Work Programme 2023 - 2024

The Committee noted the Work Programme 2023-2024.

It was **AGREED** that the following items from today's agenda would be deferred to the meeting on 24 January 2024:

- External Audit Findings 2022-2023
 - Value for Money Opinion 2021/22 and 2022/23
 - Statement of Accounts 2022-2023 Update

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

The Chairman confirmed that Duncan and Toplis were considering the whistleblowing incident.

A Member asked about recent amendments to the Constitution in relation to the procedure for dealing with complaints against Councillors. It was suggested that any such amendments should be brought before the Governance and Audit Committee.

The Monitoring Officer informed Members that the Standards Committee had the authority to make the decision in relation to the new procedure. The recommendation was to Full Council to include the new procedure within the Constitution. The Officer confirmed that he would double-check the wording and provide clarification to the Councillor who raised the concern.

55. Close of meeting

The Chairman closed the meeting at 16:05.

Action Sheet

To provide members with an update on actions agreed at the 29 November 2023 meeting of the Governance and Audit Committee.

Min no.	Agenda Item	Action(s)	Assigned to	Comments/status	Deadline
48	Internal Audit Progress Report	A link to the published decision that clarified the financial implications of the use of Internal Auditors on an interim basis to be circulated to Committee Members	Deputy Chief Executive	. Emailed to committee members on 12 January 2023	COMPLETE
49	Treasury Update Report (Qtr 2) 2023-2024	A list of Local Authorities included within the maturity analysis to be circulated to Committee Members	Deputy Director of Finance and IT	A report has been commissioned with Link Group	13 March 2024
49	Treasury Update Report (Qtr 2) 2023-2024	The information and presentation slides from the Members' Treasury Management Training to be circulated to those who were unable to attend	Deputy Director of Finance and IT	Emailed to committee members on 11 December 2023	COMPLETE

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South Kesteven District Council

Internal Audit Progress Report

24 January 2024

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 scopes have all been issued with the exception of the Follow Up 2 scope. 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.



Two reports have been issued as final since the last committee meeting which is in line with our planned timings outlined in Appendix A. These are Follow Up (1.23/24) and Debtors and Debt Recovery (2.23/24), details can be found in section two below.



Following the November 2023 Audit and Governance meeting, Responsive Repairs was confirmed as the final audit to be included in the 2023/24 internal audit plan. This is due to be conducted week commencing 29 January 2024 and the scope for this review has now been agreed with management.

2. Reports

2.1 Summary of final reports being presented to this committee

This section summarises the reports that have been finalised since the last meeting.

Assignment	Opinion issued	Actions agreed		
		H	M	L
Follow Up 1 (1.23/24) <u>Objective of review:</u> This review as conducted to meet internal auditing standards and to provide management with ongoing assurance regarding implementation of management actions. <u>Overall assurance rating and management actions:</u> In our opinion the Council demonstrated reasonable progress in implementing agreed management actions. We were provided with satisfactory evidence in respect of five medium priority actions and one high priority action and therefore we confirmed that these actions had been fully implemented. One further medium priority action had been superseded. For two medium priority actions, we categorised them as partly though not yet fully implemented. For the remaining three medium priority actions, we have categorised them as not implemented.	Reasonable Progress	0	4	1

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Assignment	Opinion issued	Actions agreed		
		H	M	L

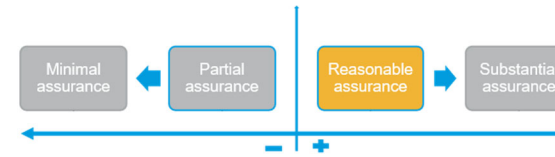
Debtors and Debt Recovery (2.23/24)

Objective of review:

Following the debtors audit in 2022/23, this review was conducted to assess the progress made to address the identified weaknesses.

Overall assurance rating and management actions:

Overall our review confirmed that there was an appropriate control framework in place (noting the current system limitations) and the Council have been making good progress towards implementing the previously agreed management actions. However, our review identified areas where enhancements were required or controls were not being consistently adhered to.



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As part of our testing we reviewed the Council's follow up actions from their previous audit and where actions had been reported as completed we reviewed evidence to confirm that management action had been applied. Of the actions listed there were 38 actions listed as completed; upon review of the actions we found that 28 had been completed or superseded. We found 10 instances where actions had been listed as complete but did not have evidence to confirm this.

As a result of our review, we have agreed five low priority actions with management.

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	Final Report Issued – Reasonable Assurance	5	0	0	January 2024	January 2024
Follow Up 1	Final Report Issued – Reasonable Progress	1	4	0	January 2024	January 2024
Food Standards Agency	Draft Report Issued 11 January 2024				March 2024	-
Recruitment and Retention	Fieldwork commenced 8 January 2024				March 2024	-
Governance	Fieldwork commenced 8 January 2024				March 2024	-
Responsive Repairs	Fieldwork commencing 29 January 2024 – Scope Agreed				March 2024	-
Cyber Treatment Plan	Fieldwork commencing 5 February 2024 – Scope Agreed				March 2024	-
Payroll	Fieldwork commencing 19 February 2024 – Scope Agreed				May 2024	-
Risk Management	Fieldwork commencing 19 February 2024 – Draft Scope Issued				May 2024	-
Section 106 Agreements	Fieldwork commencing 19 February 2024 – Scope Agreed				May 2024	-



Assignment	Status / Opinion issued	Actions agreed			Target Audit and Governance Committee	Actual Audit and Governance Committee
		L	M	H		
Purchasing and Creditors	Fieldwork commencing 26 February 2024 – Scope Agreed				May 2024	-
Follow Up 2	Fieldwork commencing 26 February 2024 – Scoping Meeting Scheduled				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.

Following the November 2023 Audit and Governance meeting, Responsive Repairs was confirmed as the final audit to be included in the 2023/24 internal audit plan.

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	5 working days (average)		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	3 working days (average)		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	1 working day (average)		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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Email: Aaron.Macdonald@rsmuk.com

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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.

EXECUTIVE SUMMARY – FOLLOW UP 1

With the use of secure portals for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our audit and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely. Based on the information provided by you, we have been able to sample test complete the work in line with the agreed scope.

Background

We have undertaken a review to follow up on progress made to implement the previously agreed management actions from the following audits:

- 2022/23-02 – Key Control Testing;
- 2022/23-05 – Health and Safety;
- 2022/23-07 – Housing Void Management;
- 2022/23-10 – Cyber Security; and
- 2022/23-04 – Risk Management.

The 12 management actions followed up as part of this review included 11 medium, and one high priority.

Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion the Council has demonstrated **reasonable progress** in implementing agreed management actions.

We were provided with satisfactory evidence in respect of five medium priority actions and one high priority action recorded as complete by the respective action owner and therefore we confirmed that these actions had been fully implemented, with one further medium action being superseded. For two medium priority actions, we have categorised them as partly though not yet fully implemented. For the remaining three medium priority actions, we have categorised them as not implemented. Full details of the outstanding management actions can be found under section two of this report.

Progress on actions

The following table includes details of the status of each management action:

Implementation status by review	Number of actions agreed	Status of management actions			
		Implemented	Implementation ongoing	Not implemented	Superseded
2022/23-02 – Key Control Testing	2	2	0	0	0
2022/23-05 – Health and Safety	3	1	1	0	1
2022/23-07 – Housing Void Management	4	0	1	3	0
2022/23-10 – Cyber Security	2	2	0	0	0
2022/23-04 – Risk Management	1	1	0	0	0
Total:	12	6 (50%)	2 (17%)	3 (25%)	1 (8%)

2. FINDINGS AND MANAGEMENT ACTIONS

Status	Detail
1	The entire action has been fully implemented.
2	The action has been partly though not yet fully implemented.
3	The action has not been implemented.
4	The action has been superseded and is no longer applicable.
5	The action is not yet due.

Assignment: 2022/23-05 - Health and Safety

Original management action / priority Service areas will complete and retain a risk assessment log and provide to Corporate Health and Safety for oversight.
Priority: **Medium**

Audit finding / status Through discussion with the Health, Safety and Emergency Planning Manager, we noted that each department has a risk assessment log in place, which recorded risk assessments conducted. We also noted that the Health, Safety and Emergency Planning Manager maintains a central log which details a schedule of health and safety risk assessments conducted for each department. We obtained the central log and through review we confirmed that it included the following:

- Department name (13 departments);
- Responsible person;
- Location of documents; and
- Dates of receiving risk assessments.

In addition, we also noted that each department has a Service Manager who regularly reviews the risk assessment log. Furthermore, both the Health, Safety and Emergency Planning Manager and the General Compliance Officer conduct risk assessment compliance reviews for the departmental log. We selected five out of 13 departments, and obtained the risk assessment logs and compliance review checklists.

Through review of the registers and checklist, we confirmed the following:

- In four out of five instances, the risk assessment log does not specify last review dates, next review dates or review frequency, and there is no further details or notes of assessments conducted.
- In one out of five instances, we found that, for some items in the risk assessment log, the next review dates have already expired.

Assignment: 2022/23-05 - Health and Safety

Without a detailed risk assessment log maintained, there is a risk that it might cause confusion or error when conducting assessment due to lack of information. Without updating risk assessment log promptly with the correct review dates, the risks might not be assessed and managed in a timely manner.

2 - The action has been partly though not yet fully implemented.

Management Action 1	The Service Manager of each department will review and consider updating the risk assessment log in a timely manner, to ensure it recorded necessary details of risk assessments, including last and next review dates, review frequency and persons who conduct the assessment.	Responsible Owner: Health, Safety and Emergency Planning Manager	Date: 31 March 2024	Priority: Medium
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Assignment: 2022/23-07 - Housing Void Management

Original management action / priority	Weekly exception reports to identify any data inaccuracies to be introduced until the implementation of the new IHMS system in May 2023. Priority: Medium
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Audit finding / status We did not receive any exception reports to confirm that there is a control in place for identifying data inaccuracies. Through discussion with the Head of Housing and Technical Services, we noted that the target time for IHMS implementation has been delayed to January 2024. The implementation date therefore for this action is for once the rollout has been completed.

3 - The action has not been implemented.

Management Action 2	Weekly exception reports to identify any data inaccuracies to be introduced until the implementation of the new IHMS system.	Responsible Owner: Head of Housing and Technical Services	Date: 31 March 2024	Priority: Medium
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Assignment: 2022/23-07 - Housing Void Management

Original management action / priority	Utilise the post inspection outcome report from new IHMS post launch to understand the level of additional work required post inspection. Priority: Medium			
Audit finding / status	We did not receive any post inspection reports to confirm that there is a control in place. Through discussion with the Head of Housing and Technical Services, we noted that the target time for IHMS implementation has been delayed to January 2024. The implementation date therefore for this action is for once the rollout has been completed. 3 - The action has not been implemented.			
Management Action 3	Utilise the post inspection outcome report from new IHMS post launch to understand the level of additional work required post inspection.	Responsible Owner: Head of Housing and Technical Services	Date: 31 March 2024	Priority: Medium

Assignment: 2022/23-07 - Housing Void Management

Original management action / priority	Ensure this report is monitored by the Voids Contract Manager to inform contract meetings and drive performance improvement. Priority: Medium			
Audit finding / status	We did not receive any post inspection reports to confirm that there is a control in place for driving performance improvement. Through discussion with the Head of Housing and Technical Services, we noted that the target time for IHMS implementation has been delayed to January 2024. The implementation date therefore for this action is for once the rollout has been completed. 3 - The action has not been implemented.			
Management Action 4	Ensure this report is monitored by the Voids Contract Manager to inform contract meetings and drive performance improvement.	Responsible Owner: Head of Housing and Technical Services	Date: 31 March 2024	Priority: Medium

Assignment: 2022/23-07 - Housing Void Management

Original management action / priority Review current performance measures and data integrity, ensuring that the Council is measuring the right things to help oversight and monitoring of successful achievement of its Corporate Plan and its void policy. We suggest number of voids and £ should be included. The Council should consider benchmarking its void performance with other Councils – perhaps visiting high performing Councils (with a turnaround of <60) to learn from best practice. This should form part of the Voids performance update. Commentary on the Corporate Performance update should be action focussed where improvement required, such as Red or Amber rating.

Priority: **Medium**

Audit finding / status Through discussion with the Head of Housing and Technical Services, we noted that the action is still in progress. We noted that the void performance has been discussed as a part of the overall performance data monitoring at weekly void meetings. We therefore obtained the void meeting notes dated 23 November 2023, and through review we confirmed that it recorded the number of lets, number of voids inspected, number of new voids and an inspection log. However we noted that the Council had not benchmarked its void performance with other Councils. We also noted that void performance would form a part of the revised corporate Key Performance Indicator (KPI) reporting, which would be implemented in April 2024.

Therefore we confirmed that the action has been partly though not yet fully implemented.

2 - The action has been partly though not yet fully implemented.

Management Action	Responsible Owner:	Date:	Priority:
<p>The Council should consider benchmarking its void performance with other Councils – perhaps visiting high performing Councils (with a turnaround of <60) to learn from best practice. This should form part of the Voids performance update.</p> <p>Commentary on the Corporate Performance update should be action focussed where improvement required, such as Red or Amber rating.</p>	Head of Housing and Technical Services	30 June 2024	Low

EXECUTIVE SUMMARY – DEBTORS AND DEBT RECOVERY

With the use of secure portals for the transfer of information, and through electronic communication means, 100 per cent of our audit has been conducted remotely. Remote working has meant that we have been able to complete our audit and provide you with the assurances you require. Based on the information provided by you, we have been able to sample test to complete the work in line with the agreed scope.

Why we completed this audit

We conducted a review of the debtors and debt recovery processes for the Council to provide assurance that the Council are invoicing for monies owed to them in a timely and accurate manner, and where these amounts are outstanding, these are being chased for payment. This is a key risk area for the Council as income received is used to support the public with services provided.

The Council had an audit conducted in 2022/23 for Accounts Receivable which provided Low Assurance, as part of this review we reviewed all management actions listed as completed and reviewed the supporting evidence to determine if the status is being accurately reported.

The Revenues Team are responsible for the management and monitoring of debt. The Council use the finance system Efin, which has an in-built debt monitoring function which has different roles that provide different users different levels of access depending on their job role.

The Council are in the process of integrating a new finance system, Unit 4. As the new finance system has not been fully implemented yet we will be assessing the current controls in place within the Efin finance system, while remaining aware of the impending changes.

Conclusion

Overall our review confirmed that there is an appropriate control framework in place (noting the current system limitations) and the Council have been making good progress towards implementing the previously agreed management actions. However, our review has identified areas where enhancements are required or controls are not being consistently adhered to in relation to new debtor creation and authorisation, debt chasing, and access to the finance system.

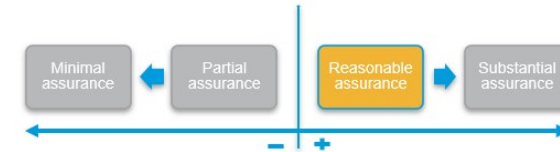
As part of our testing we reviewed the Council's follow up actions from their previous audit and where actions had been completed we reviewed evidence to confirm that management action had been applied. Of the actions listed there were 38 actions listed as completed, upon review of the actions we found that 28 had been completed or superseded. We found 10 instances where actions had been listed as complete but did not have evidence to confirm this.

As a result of our review, we have agreed five low priority management actions with management and detail of these can be found in section two of the report.

Internal audit opinion:

Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the Council relies to manage this area are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified area.



Key findings

We identified the following areas of good control design which, based on our testing, were being complied with in practice:



The Council have in place Financial Regulations which were last updated in May 2022 which set out the delegated authority limits and high level controls for income. There are also procedure notes that detail the processes for the debtors function including setting up of new debtors accounts, raising invoices and writing off bad debts. The procedure notes were all created during 2023.



For a sample of 10 credit notes, we confirmed that in all instances authorisation to process the credit was received by a delegated authority and the credit had been accurately processed. In six instances an Authority to Raise (ATR) Form was completed, for the remaining four without and ATM Form, two related to InvestSK that no longer exists and was a wholly owned subsidiary, and two related to cancelled invoices which were incorrectly processed, these did not require an ATR as this was before the new procedure was implemented.



We also selected a sample of five refunds that have been processed this year and confirmed they had been approved by a delegated authority. For all five refunds we confirmed the refund request was submitted by the Sundry Debtors Officer and approved by the Revenues Manager. This was in line with delegated authorities. Currently refunds are only processed to the bank account they came from through the finance system, the refund request sheets that have not been fully rolled out yet have a section that confirms bank details as a secondary check which will be used moving forwards.



Of the 10 write offs sampled we found that all 10 write offs had been processed in line with the authorised signatories list detailed in Appendix A of the Council's Financial Regulations.



The Sundry Debtors Officer issues monthly reports to Budget Holders and Budget Managers. The email includes an extra report which details all outstanding invoices (sundry debt) in their service area. The report attached, details all aged debt (invoices) raised through Sundry Debt with the cost centre, customer code, customer name, outstanding balance and gross value. The Council also utilise a debt level dashboard which details the total sundry debtor amount outstanding and then provides a breakdown of the total sundry debt in value, future payments, and for debts of all ages. This was confirmed for November 2023.



Through discussion with the Exchequer and review of the finance system, we have been made aware that month end reconciliations of the control accounts are not carried out as the Efin finance system is self-balancing and the month end report cannot be closed off unless all values balance.

Details of all five low management actions raised in this review are detailed within section two of this report.

DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Area: New Debtor Set Up

Control	New debtors are set up in the finance system by the Revenues Officer when Authority to Raise (ATR) Forms are received from members of staff across the Council.	Assessment:	
		Design	✓
		Compliance	×

Findings / Implications The Council's Revenues Team have procedure notes in place for setting up accounts on the Efin system, raising invoices, and changing address details. The setting up a new account procedure note details the steps to take when setting up a new supplier from an invoice request. The procedure note states that when processing an invoice, if a current active account cannot be found for the customer or supplier on the invoice the member of staff is to create an account on the Efin system including the name, address, and contact details the customer or supplier is then given a customer number for ease of reference when payments are recorded on the general ledger. The change of details procedure outlines how members of staff are to change customer details when they have received a request from them, which involves changing the details within the Efin system. The procedure note for raising invoices is for the use of all departments across the Council. The procedure note details that each invoice should have a completed and signed Authority To Raise (ATR) Form and states that if the invoice is for a new customer, the setting up a new account procedure is to be followed before processing the invoice in the Efin system.

We selected a sample of 10 new debtors who have the highest customer numbers to identify who had been recently added, and ensured that they had been processed correctly and Authority to Raise (ATR) Forms have been retained. Testing identified:

- Of the 10 the sampled transactions we could see completed ATR Forms for four of the 10 new debtors.
- For four of the 10 new debtors we could only see a report generated before invoices which confirmed that the correct amount had been recorded on the finance system but not the original invoice. This is due to the fact that the sampled new suppliers had been processed by different departments, and through discussion with the Revenues Team we can confirm that different departments use different procedures for invoicing. The risk associated with not retaining original Authority to Raise (ATR) Forms is that incorrect customer details may be recorded which could lead to incorrect debt chasing and more write offs than necessary.

Area: New Debtor Set Up

- For the remaining two selected new debtors we could see screenshots from the finance system confirming that the correct value had been charged and an email chain detailing the charges, through discussion with the Revenues Team we found that there were no Authority to Raise (ATR) Forms for these two new debtors.

The formal ATM Form is a newer process which is still being embedded and therefore needs to be further communicated and embedded to ensure it is being consistently applied.

Management Action 1	Management will ensure that for all new debtors a new debtor form is completed and that the debtor details are correctly recorded on the Efin system.	Responsible Owner:	Date:	Priority:
		Head of Service (Revenues, Benefits, Customer and Community)	1 April 2024	Low
	<i>Management Comment: We need to understand which teams do not use a new debtors form as a starting point</i>			
	<i>E-Fin DBA to send email to all users asking if they complete a new debtor form and if not what they use to raise an invoice on the system and send the responses to the Sundry Debtor Team.</i>			
	<i>Sundry Debtor Officer and Income Recovery Team Leader to make arrangements with those users to send those ATRs over to Sundry Debtors. Where the form can be stored centrally.</i>			
	<i>E-Fin DBA has been asked if a report can be provided for Sundry Debtor Officer to review on a monthly basis and identify if any have invoices have been raised by service areas and whether a form has been completed.</i>			

Area: Authorisation of Invoice Requests

Control	The Authority To Raise (ATR) Form has 23 fields that are required to be completed for the form to be authorised by the Service Manager. This is then passed to the Revenues Officer to process the invoice and issue this to the customer.	Assessment:	
		Design	✓
		Compliance	×

Findings / Implications	The ATR Form records the following information:
	<ul style="list-style-type: none"> • Member of staff raising the request; • Service area; • Name of debtor; • VAT and Financial Code; • Contact details (email and mobile number); • Reason for new debtor being set up; • Value of debt; • Signature from originator; and • Date.

The form is then sent to the Sundry Debtors Officer to be signed and dated, the Sundry Debtors Officer then assigns a debtor number and batch number. We selected a sample of 10 new debtors recorded on the Efin system and ensured that they have been processed in line with the procedures recorded on the procedure note.

Through our testing we found invoice ATR forms for four of the 10 sampled debtors and therefore confirmed authorisation was present on the form.

However, for six of the sampled debtors, we found that the Council had not completed their ATR Form to the invoice information. For these six debtors we obtained evidence of approval by email and therefore the risk associated is lower.

The risk associated with not completing and retaining ATR Forms is that there is a chance that false customers may be set up or incorrect invoices may be issued leading to an increase in credit notes being required.

Management Action 2	Management will ensure that for all invoices, approval is provided by the member of staff requesting the invoice via an ATR Form.	Responsible Owner:	Date:	Priority:
	<i>Management Comment: Same as for Management Action 1.</i>	Head of Service (Revenues, Benefits, Customer and Community)	1 April 2024	Low

Area: Debt Management and Chasing

Control	The Council have an automated system to send out debt chasing emails to debtors, then refer any aged debts to a debt collection agency which are irrecoverable by the Council.	Assessment:		
		Design	✓	
		Compliance	×	
Findings / Implications	<p>The aged debt report is run weekly on Wednesday and any reminder letters for aged debt are sent on the following Tuesday. The Efin finance system automatically sends a report to print the reminder letters for aged debt, the system uses the contact details recorded on Efin when printing reminder letters to be sent to debtors. The Council do not retain physical copies of letters sent to debtors, however the finance system records when the reminder letters have been sent to print. Through discussion with the Revenues Team we have been informed that as they are in the process of selecting debt collection agencies to compare with their current debt collectors they have not actively collected on any aged debt since August 2023 with a debt collection agency. This is part of a review they are planning as part of a follow up action previously identified.</p> <p>As part of our testing we reviewed a sample of four aged debts from the Council's aged debt report. We looked at debts that was aged 30 days, 60 days, 90 days and over 90 days. For all four debts we could see evidence of a first and second chasing letter being sent to the debtor requesting payment of the debt, within two weeks of the debt being due.</p> <p>However we noticed one debt that was aged past 90 days that had not been chased since 9 September, we have not seen any evidence of debt chasing since that date. There is therefore a risk that the Council are not receiving income due to them in a timely manner.</p>			
Management Action 3	<p>Management will ensure that all aged debts are chased in a timely manner.</p> <p><i>Management Comment: The new process (implemented from 1 October 2023) is in place.</i></p> <p><i>New report has been produced for 1 December onwards, which provides more information for the service areas.</i></p>	Responsible Owner:	Date:	Priority:
		Head of Service (Revenues, Benefits, Customer and Community)	1 April 2024	Low

Area: Access Levels

Control	The finance systems has different levels of access for each member of the Finance Team, and access is restricted only to members of staff with finance responsibilities.	Assessment:		
		Design	✓	
		Compliance	×	

Area: Access Levels

Findings / Implications	<p>Efin which has an in-built debt management function which has different roles that provide different levels of access for different users. For example the admin role has the ability to access all files and approve credit notes and invoices.</p> <p>As part of our testing we selected a sample of 10 Efin users with different roles and confirmed if they were still active and necessary for the job role being performed.</p> <p>Of the 10 accounts we found:</p> <ul style="list-style-type: none"> Two accounts that the Revenues Team did not know why the account was still active as they were created in 2006 when the system was first introduced, the accounts are titled Efin Table Owner and COA Solutions. Having test accounts still with admin level access to the system and not knowing who has access to them poses a risk to the Council as it opens up the possibility of fraud or malpractice which may not be able to be traced by the system to a particular individual. For two of the test accounts listed on the Efin user report we have been made aware that only the Systems and Finance Team Leaders utilises these accounts. For six of the 10 sampled accounts the Revenues Team have provided a justification for why each user has their provided level of access, in the sample there are two instances where a member of staff has been provided with two different accounts with different levels of access for completing their different managerial tasks. The other two sampled users had admin and team leader roles allowing them to perform their responsibilities.
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Management Action 4	<p>Management will remove all Efin users that are no longer required and not use any unnamed admin accounts.</p> <p><i>Management Comment: Email sent to Efin DBA on 13 December 2023 to advise of this action and request immediate action.</i></p>	Responsible Owner:	Date:	Priority:
		Head of Service (Revenues, Benefits, Customer and Community)	1 April 2024	Low

Area: Follow Up

Control	Where actions were raised in the prior years audit, we have assessed the status of these.	Assessment:
		Design ✓
		Compliance ×
Findings / Implications	As part of our testing we reviewed the Council's follow up actions from their previous audit and where actions had been completed we reviewed evidence to confirm that management action had been applied. As at 23 October 2023, of the 40 actions identified 34 were recorded as complete, five were directly linked to the implementation of Unit4, and one was linked to other service activity.	

Area: Follow Up

Of the actions listed there were 38 actions listed as completed, upon review of the actions we found that 28 had been completed or superseded. We found 10 instances where actions had been listed as complete but the evidence available or discussions with members of the Revenues Team identified these were not implemented in full.

Five of the actions that have not been completed relate to there not being a formal procedure document which details that it is the responsibility of budget holders to chase their own debts as it impacts their own budget and funds. Through discussion with the Revenues Team we have confirmed that they are working on creating a combined document that details all the procedure notes and assigns responsibility to all budget holders as well as detailing the procedures that are to be followed throughout the debtors process.

One of the management actions listed as complete relates to the Council utilising multiple debt recovery agents and assessing their effectiveness, the Council plan on doing this, however the Council are yet to implement.

One of the management actions that was listed as complete of the action plan was that the name and title of officers will be included on the ATR Forms, however our testing identified that of the 10 new debtor accounts we reviewed, six of the sampled new debtors were missing ATR Forms.

One of the management actions that was listed as complete was that the Council would develop an approach to the monitoring of refunds and investigation of credit balances, we have not seen any evidence to support the completion of this action as Unit 4 has not been implemented yet.

The final two management actions relate to the Revenues Team performing additional checking on the data reported on the dashboard which is sent to staff detailing the levels of debt in each department. Through discussion with Revenues Team we were informed that last time there was one instance where one of the figures was incorrect by one digit. One member of staff creates the dashboard document and another reviews it, however, the secondary review is not recorded and there is a risk that transposition errors could be missed due to the manual nature of the creation of the data recorded on the spreadsheet.

<p>Management Action 5</p>	<p>The Council will review and update the action tracker document to reflect the current status of all actions.</p> <p><i>Management Comment: All officers involved in the Audit have access to the action tracker and are monitoring on a regular basis.</i></p>	<p>Responsible Owner: Head of Service (Revenues, Benefits, Customer and Community)</p>	<p>Date: 1 April 2024</p>	<p>Priority: Low</p>
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SOUTH KESTEVEN DISTRICT COUNCIL

Follow Up 1

Internal audit report 1.23/24

FINAL

12 January 2024

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.

1. EXECUTIVE SUMMARY

With the use of secure portals for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our audit and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely. Based on the information provided by you, we have been able to sample test complete the work in line with the agreed scope.

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- 2022/23-04 – Risk Management.

The 12 management actions followed up as part of this review included 11 medium, and one high priority.

Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion the Council has demonstrated **reasonable progress** in implementing agreed management actions.

We were provided with satisfactory evidence in respect of five medium priority actions and one high priority action recorded as complete by the respective action owner and therefore we confirmed that these actions had been fully implemented, with one further medium action being superseded. For two medium priority actions, we have categorised them as partly though not yet fully implemented. For the remaining three medium priority actions, we have categorised them as not implemented. Full details of the outstanding management actions can be found under section two of this report.

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Implementation status by review	Number of actions agreed	Status of management actions			
		Implemented	Implementation ongoing	Not implemented	Superseded
2022/23-02 – Key Control Testing	2	2	0	0	0
2022/23-05 – Health and Safety	3	1	1	0	1
2022/23-07 – Housing Void Management	4	0	1	3	0
2022/23-10 – Cyber Security	2	2	0	0	0
2022/23-04 – Risk Management	1	1	0	0	0
Total:	12	6 (50%)	2 (17%)	3 (25%)	1 (8%)

2. FINDINGS AND MANAGEMENT ACTIONS

Status	Detail
1	The entire action has been fully implemented.
2	The action has been partly though not yet fully implemented.
3	The action has not been implemented.
4	The action has been superseded and is no longer applicable.
5	The action is not yet due.

Assignment: 2022/23-05 - Health and Safety

Original management action / priority Service areas will complete and retain a risk assessment log and provide to Corporate Health and Safety for oversight.
Priority: **Medium**

Audit finding / status Through discussion with the Health, Safety and Emergency Planning Manager, we noted that each department has a risk assessment log in place, which recorded risk assessments conducted. We also noted that the Health, Safety and Emergency Planning Manager maintains a central log which details a schedule of health and safety risk assessments conducted for each department. We obtained the central log and through review we confirmed that it included the following:

- Department name (13 departments);
- Responsible person;
- Location of documents; and
- Dates of receiving risk assessments.

In addition, we also noted that each department has a Service Manager who regularly reviews the risk assessment log. Furthermore, both the Health, Safety and Emergency Planning Manager and the General Compliance Officer conduct risk assessment compliance reviews for the departmental log. We selected five out of 13 departments, and obtained the risk assessment logs and compliance review checklists.

Through review of the registers and checklist, we confirmed the following:

- In four out of five instances, the risk assessment log does not specify last review dates, next review dates or review frequency, and there is no further details or notes of assessments conducted.
- In one out of five instances, we found that, for some items in the risk assessment log, the next review dates have already expired.

Assignment: 2022/23-05 - Health and Safety

Without a detailed risk assessment log maintained, there is a risk that it might cause confusion or error when conducting assessment due to lack of information. Without updating risk assessment log promptly with the correct review dates, the risks might not be assessed and managed in a timely manner.

2 - The action has been partly though not yet fully implemented.

Management Action 1	The Service Manager of each department will review and consider updating the risk assessment log in a timely manner, to ensure it recorded necessary details of risk assessments, including last and next review dates, review frequency and persons who conduct the assessment.	Responsible Owner: Health, Safety and Emergency Planning Manager	Date: 31 March 2024	Priority: Medium
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Assignment: 2022/23-07 - Housing Void Management

Original management action / priority	Weekly exception reports to identify any data inaccuracies to be introduced until the implementation of the new IHMS system in May 2023. Priority: Medium
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Audit finding / status We did not receive any exception reports to confirm that there is a control in place for identifying data inaccuracies. Through discussion with the Head of Housing and Technical Services, we noted that the target time for IHMS implementation has been delayed to January 2024. The implementation date therefore for this action is for once the rollout has been completed.

3 - The action has not been implemented.

Management Action 2	Weekly exception reports to identify any data inaccuracies to be introduced until the implementation of the new IHMS system.	Responsible Owner: Head of Housing and Technical Services	Date: 31 March 2024	Priority: Medium
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Assignment: 2022/23-07 - Housing Void Management

Original management action / priority	Utilise the post inspection outcome report from new IHMS post launch to understand the level of additional work required post inspection. Priority: Medium			
Audit finding / status	We did not receive any post inspection reports to confirm that there is a control in place. Through discussion with the Head of Housing and Technical Services, we noted that the target time for IHMS implementation has been delayed to January 2024. The implementation date therefore for this action is for once the rollout has been completed. 3 - The action has not been implemented.			
Management Action 3	Utilise the post inspection outcome report from new IHMS post launch to understand the level of additional work required post inspection.	Responsible Owner: Head of Housing and Technical Services	Date: 31 March 2024	Priority: Medium

Assignment: 2022/23-07 - Housing Void Management

Original management action / priority	Ensure this report is monitored by the Voids Contract Manager to inform contract meetings and drive performance improvement. Priority: Medium			
Audit finding / status	We did not receive any post inspection reports to confirm that there is a control in place for driving performance improvement. Through discussion with the Head of Housing and Technical Services, we noted that the target time for IHMS implementation has been delayed to January 2024. The implementation date therefore for this action is for once the rollout has been completed. 3 - The action has not been implemented.			
Management Action 4	Ensure this report is monitored by the Voids Contract Manager to inform contract meetings and drive performance improvement.	Responsible Owner: Head of Housing and Technical Services	Date: 31 March 2024	Priority: Medium

Assignment: 2022/23-07 - Housing Void Management

Original management action / priority Review current performance measures and data integrity, ensuring that the Council is measuring the right things to help oversight and monitoring of successful achievement of its Corporate Plan and its void policy. We suggest number of voids and £ should be included. The Council should consider benchmarking its void performance with other Councils – perhaps visiting high performing Councils (with a turnaround of <60) to learn from best practice. This should form part of the Voids performance update. Commentary on the Corporate Performance update should be action focussed where improvement required, such as Red or Amber rating.

Priority: **Medium**

Audit finding / status Through discussion with the Head of Housing and Technical Services, we noted that the action is still in progress. We noted that the void performance has been discussed as a part of the overall performance data monitoring at weekly void meetings. We therefore obtained the void meeting notes dated 23 November 2023, and through review we confirmed that it recorded the number of lets, number of voids inspected, number of new voids and an inspection log. However we noted that the Council had not benchmarked its void performance with other Councils. We also noted that void performance would form a part of the revised corporate Key Performance Indicator (KPI) reporting, which would be implemented in April 2024. Therefore we confirmed that the action has been partly though not yet fully implemented.
2 - The action has been partly though not yet fully implemented.

Management Action	Responsible Owner:	Date:	Priority:
The Council should consider benchmarking its void performance with other Councils – perhaps visiting high performing Councils (with a turnaround of <60) to learn from best practice. This should form part of the Voids performance update. Commentary on the Corporate Performance update should be action focussed where improvement required, such as Red or Amber rating.	Head of Housing and Technical Services	30 June 2024	Low

APPENDIX A: DEFINITIONS FOR PROGRESS MADE

The following opinions are given on the progress made in implementing actions. This opinion relates solely to the implementation of those actions followed up and does not reflect an opinion on the entire control environment.

Progress in implementing actions	Overall number of actions fully implemented	Consideration of high priority actions	Consideration of medium priority actions	Consideration of low priority actions
Good	75% +	None outstanding.	None outstanding.	All low actions outstanding are in the process of being implemented.
Reasonable	51 – 75%	None outstanding.	75% of medium actions made are in the process of being implemented.	75% of low actions made are in the process of being implemented.
Little	30 – 50%	All high actions outstanding are in the process of being implemented.	50% of medium actions made are in the process of being implemented.	50% of low actions made are in the process of being implemented.
Poor	< 30%	Unsatisfactory progress has been made to implement high priority actions.	Unsatisfactory progress has been made to implement medium actions.	Unsatisfactory progress has been made to implement low actions.

APPENDIX B: ACTIONS COMPLETED OR SUPERSEDED

From the testing conducted during this review we have found the following actions to have been fully implemented and superseded.

Assignment title	Management actions
2022/23-02 - Key Control Testing	Status: Implemented Review the commentary reported, so although condensed, provides sufficient accurate detail. Monitoring reports will be updated with the commentary from the previous quarter's report to committee and management will be required to build on this for future month's to reduce any version differences. Priority: Medium
	Status: Implemented Processes to be reviewed and updated to ensure undisputed invoices are paid within 30 day payment terms. Priority: Medium
2022/23-05 - Health and Safety	Status: Superseded The Health and Safety Champions role will be evaluated as suggested in 3.1 and added to the Policy once evaluated and extent of the roles potential evaluated within the group. Priority: Medium
	Status: Implemented The Health & Safety Working Group will initially be ambassadors raising the profile of health and safety at service level. The role will be evaluated after 6 months with any relevant training identified at that point. Priority: Medium
2022/23-10 - Cyber Security	Status: Implemented A plan is being created for removal or upgrade of unsupported servers. Priority: High
	Status: Implemented Change control procedures are being enabled on the Corporate IT Support software system to ensure change management is carried out and documented. Priority: Medium
2022/23-04 - Risk Management	Status: Implemented Risk management e-learning will be implemented. Priority: Medium

APPENDIX C: SCOPE

The scope below is a copy of the original document issued.

Objective relevant to the scope of the review

Objective of the risk under review

To meet internal auditing standards and to provide management with on-going assurance regarding implementation of management actions / recommendations.

Scope of the review

The following areas will be considered as part of the review:

We will follow up a sample of any actions due for implementation at the time of the audit review.

A defined list will be agreed with management.

The following limitations apply to the scope of our work:

- The follow up will only cover management actions agreed in the identified reports.
- We will not review the whole control framework of the areas listed above. Therefore, we are not providing assurance on the entire risk and control framework of these areas.
- We will only perform sample testing for high and medium priority management actions.
- Where sample testing will be undertaken, our samples will be selected over the period since actions were implemented or controls enhanced.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Debrief held 6 December 2023
Draft report issued 11 December 2023
Revised draft report issued 10 January 2024
Responses received 12 January 2024

Final report issued 12 January 2024

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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.

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

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SOUTH
KESTEVEN
DISTRICT
COUNCIL



Governance and Audit Committee

24 January 2024

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

Appointment of Internal Audit Services

Report Author

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

 alison.hall-wright@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 approve the appointment of internal audit services which is an integral element of the Council's overall risk management and control arrangements.

Recommendation

Governance and Audit Committee is asked to approve the appointment of BDO LLP as the Council's internal auditor for three years commencing 1 April 2024, with the option to extend for one year, for the annual cost of £90,000.

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

- 1.1 These are considered throughout the report.

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

Legal and Governance

- 1.2 There are no significant legal and governance implications arising from the report which are not already reflected elsewhere in the report, particularly in relation to procurement and compliance with the Council's Contract Procedure Rules.

Completed by: Mandy Braithwaite, Legal Executive

Procurement

- 1.3 It is confirmed that a fully compliant procurement process has been completed and the Council's Procurement Lead has been consulted throughout the process.

Completed by: Helen Baldwin, Procurement Lead

2. Background to the Report

- 2.1 Members will be aware that the Council currently has an interim internal audit service arrangement following the termination of the previous internal audit contract on 27 September 2023. This temporary arrangement is with RSM UK Risk Assurance Services LLP who has been commissioned to undertake the delivery of the internal audit service up to 31 March 2024 and provide the annual Head of Internal Audit opinion within the Annual Internal Audit Report.
- 2.2 Governance and Audit Committee, in accordance with Article 9 of the Constitution and as identified in the *Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committees – Practical Guidance for Local Authorities and Police 2022*, is responsible for approving the appointment of the internal auditor, approving the internal audit strategy and plan, monitoring and responding to the work of internal audit, and receiving the annual report and opinion of the Head of Internal Audit.
- 2.3 The annual Head of Internal Audit opinion, which is based upon and limited to the work performed, reports on the overall adequacy and effectiveness of the

Council's risk management, control and governance processes. The annual internal audit opinion is key as it contributes to the Council's Annual Governance Statement which is a statutory document that explains the processes and procedures in place to enable the Council to carry out its functions effectively.

- 2.4 A comprehensive procurement has been undertaken to secure longer term internal audit services which will cover the period 1 April 2024 to 31 March 2027 with the option of extending for a further one year (31 March 2028)
- 2.5 The internal audit tender was undertaken using the **Crown Commercial Services framework: CCS RM6188 – Audit & Assurance Services (A&AS) Lot 1: Internal audit and assurance** which has 20 suppliers listed. All the suppliers have been independently verified in terms of meeting the Public Sector Internal Audit Standards.
- 2.6 The Council received four bids which were scored for price and evaluated against quality questions. The weighting criteria was set at 40% price and 60% quality and reflects the importance of ensuring the successful bid meets the necessary qualitative threshold. The qualitative criteria covered a range of areas including:
- Detailing how an indicative five-year plan will be developed including how the audits will be identified and a sample audit plan
 - Approach to scoping individual audits including how service areas will be engaged with and sample audit scoping documents and audit reports
 - How assurance will be gained to allow the Head of Internal Audit to provide their annual opinion within the Internal Audit Annual Report
 - What added value can be provided along the lines of briefings, professional updates and training sessions for Governance and Audit Committee
 - Detailing key performance indicators to enable the Council to assess the performance and effectiveness of the service

The qualitative question responses were scored from '0' Unacceptable/Non-Compliant to '5' Excellent. Scoring weightings were set alongside the qualitative questions to ensure the most important areas were given the highest scores.

- 2.7 An evaluation Panel was established, and each bid was independently scored and moderated against the criteria in order to arrive at a score for each bid. The outcome of this evaluation concluded that BDO LLP is the winning bid based on the scoring criteria as set out in the tender documentation. A Summary is provided below:

Supplier	Price (total 5 years)	Price (40% weighting)	Quality (60% weighting)	Combined
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1 BDO LLP	£500,000	33%	55%	88%
2	£622,877	26%	56%	82%
3	£406,800	40%	28%	68%
4	£611,485	27%	33%	59%

2.8 In order to accommodate the successful bid, the budget for the forthcoming financial year is proposed to be increased to £90,000. Following the approval of the Committee, the bidders will be contacted to inform them of the outcome of the tender process and to agree next steps.

2.9 The Council will continue to work with the current internal auditors to develop a draft Internal Audit Plan for 2024/25 and to manage a smooth transition to the new audit team from 1 April 2024.

3. Key Considerations

3.1 The internal audit service is an essential and integral element of the Council's overall internal control framework as stated in the Local Government Act 1972.

4. Other Options Considered

4.1 There are no other options as this is a statutory requirement.

5. Reasons for the Recommendations

5.1 In accordance with the Constitution, Governance and Audit Committee is asked to approve the appointment of internal audit.

6. Background Papers

6.1 [Officer Delegated Decision - Internal Audit Interim Arrangements](#)



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Governance and Audit Committee

24 January 2024

Report of Councillor Ashley Baxter,
Deputy Leader of the Council

2024/25 Treasury Management Strategy Statement

Report Author

Alison Hall-Wright, Deputy Director (Finance & 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 a Treasury Management Statement for each financial year. The draft Statement meets the requirements of the CIPFA Code of Practice on Treasury Management (the Code) and the Prudential Code.

Recommendations

That the Committee recommends to Council that the 2024/25 Treasury Management Strategy Statement be approved.

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

1.1 These are considered throughout the report and appendix.

Completed by: Richard Wyles, Chief Finance Officer

Legal and Governance

1.2 This report provides details of the Council's Treasury Management Strategy Statement which forms part of the Budget and Policy Framework. Members should scrutinise any elements which will assist the role of the Governance and Audit Committee in its review of the Treasury Management Strategy.

Completed by: James Welbourn, Democratic Services Manager and Deputy Monitoring Officer

Risk and Mitigation

1.3 Risk has been considered as part of this report and any specific high risks are included in the table below:

Category	Actions/Controls
Financial Risk	The treasury strategy has been compiled in conjunction with the Council's treasury advisors and will be monitored by the Committee on a quarterly basis.

Completed by: Tracey Elliott, Governance and Risk Officer

2. Background to the Report

- 2.1 The CIPFA Treasury Management Code defines treasury management activities as: “The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
- 2.2 The CIPFA Code of Practice for Treasury Management in the Public Services (the “CIPFA Treasury Management Code”) and the CIPFA Prudential Code require local authorities to produce a Treasury Management Strategy Statement (TMSS) on an annual basis.
- 2.3 The TMSS details the investment and borrowing policies that the Council will follow during 2024/25. The CIPFA code and the Department for Levelling Up, Housing and Communities (DLUHC) statutory guidance also requires the Council to have a policy on non-treasury investments which is included in the Capital Strategy which will be approved by Council on 29 February 2024.
- 2.4 The TMSS sets out the counterparties that the Council will invest with and the limits that will be invested with each counterparty. These limits are detailed in Appendix 3 of Appendix A.
- 2.5 The Treasury Management Code requires all investments and investment income to be attributed to one of the following purposes:
- **Treasury Management** - This type of investment represents balances which are only held until the cash is required.
 - **Service Delivery** – Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is “either related to the financial viability of the project or otherwise incidental to the primary purpose”.
 - **Commercial return** – Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to the Council’s financial capacity, i.e., that ‘plausible losses’ could be absorbed in budgets or reserves without unmanageable detriment to local services. The Council must not borrow to invest primarily for financial return.
- 2.6 Reporting to members is required to be undertaken quarterly. Governance and Audit Committee receive quarterly treasury management monitoring reports for review and approval. The Treasury Management Strategy Statement is presented to the Committee on an annual basis for review and a recommendation is made to Council for approval.
- 2.7 Appendix 3 of the Treasury Management Strategy Statement detail the Council’s Ethical Investment Statement which has been reviewed by Link Group to ensure that

it meets the requirements of the Treasury Management Code and does not prevent the Council from adhering to the Treasury Management principles of Security, Liquidity and Yield.

3. Key Considerations

3.1 These are considered throughout the report and Appendix A.

4. Other Options Considered

4.1 No other options are available as the Council is required to produce a Treasury Management Strategy as part of the treasury management reporting requirements.

5. Reasons for the Recommendations

5.1 The Council is required to produce and approve a Treasury Management Strategy Statement as part of the treasury management reporting requirements.

6. Appendices

6.1 Appendix A – 2024/25 Treasury Management Strategy Statement

2024-25 Treasury Management Strategy Statement

1. Introduction

- 1.1 CIPFA published a revised Treasury Management Code and a revised Prudential Code on 20 December 2021. The Code states that revisions need to be included from the financial year 2023/24. Therefore South Kesteven District Council must have to have regard to these Codes of Practice when it prepares the Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy (AIS) reports and also related reports during the financial year which are approved by Full Council.
- 1.2 The revised Treasury Management Code requires all investments and investment income to be attributed to one of the following purposes:
- **Treasury Management** - This type of investment represents balances which are only held until the cash is required.
 - **Service Delivery** – Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is “either related to the financial viability of the project or otherwise incidental to the primary purpose”.
 - **Commercial return** – Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to the Council’s financial capacity, i.e., that ‘plausible losses’ could be absorbed in budgets or reserves without unmanageable detriment to local services. The Council must not borrow to invest primarily for financial return.
- 1.3 The revised Treasury Management Code will require the Council to implement the following:
- **Adopt a new liability benchmark treasury indicator** to support the financing risk management of the capital financing requirements. This indicator needs to be shown in chart form for a minimum of ten years, and material differences between the liability benchmark and actual loans must be explained;
 - **Long-term treasury investments**, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;
 - **Pooled funds** are to be included in the indicator for principal sums maturing in years beyond the initial budget year;
 - Amendment to the **knowledge and skills register** for officers and members involved in the treasury management function – to be

proportionate to the size and complexity of treasury management activities conducted by each authority;

- **Quarterly reporting to members.** Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators.
- **Environmental, social and governance (ESG)** issues to be addressed within the Council's treasury management policies and practices (TMP1).

1.4 The main requirements of the Prudential Code relating to service and commercial investments are:

- The risks associated with service and commercial investments should be proportionate to their financial capacity, i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to the Council;
- The Council must not borrow to invest for the primary purpose of commercial return;
- It is not prudent for the Council to make any investment or spending decision that will increase the CFR, and lead to new borrowing, unless directly and primarily related to functions of the Council, and where commercial returns are either related to the financial viability of the project or otherwise incidental to the primary purpose;
- An annual review should be completed to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or to refinance maturing debt;
- A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream;
- Create new Investment Management Practices to manage risks associated with non-treasury investments.

1.5 The Council's Capital Strategy or Annual Investment Strategy should include:

- The Council's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the Council's objectives, risk appetite and risk management in respect of these investments, and processes ensuring effective due diligence;

- An assessment of affordability, prudence and proportionality in respect of the Council's overall financial capacity (i.e. whether plausible losses could be absorbed in budgets and reserves without unmanageable detriment to local services);
 - Details of financial and other risks of undertaking investments for service or commercial purposes and how these are managed;
 - Limits on total investments for service purposes and for commercial purposes respectively (consistent with any limits required by other statutory guidance on investments);
 - Requirements for independent and expert advice and scrutiny arrangements (while business cases may provide some of this material, the information contained in them will need to be periodically re-evaluated to inform the Council's overall strategy).
 - State compliance with paragraph 51 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest primarily for financial return.
- 1.6 As this TMSS and AIS deal solely with treasury management investments, the categories of service delivery and commercial investments should be addressed as part of the Capital Strategy report.
- 1.7 As investments in commercial property have implications for cash balances managed by the treasury team a high level summary of the impact that commercial investments have, or may have, will be included if the Council plans to liquidate these investments over the 3 year period that the TMSS and AIS covers.

Background

- 1.8 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.9 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.10 The contribution the treasury management function makes to the Authority is critical, because the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, on day-to-day revenue and for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

1.11 CIPFA defines treasury management as:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.12 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

Reporting Requirements

1.13 The CIPFA 2021 Prudential and Treasury Management Code requires all Council’s to prepare a Capital Strategy report which will provide the following:

- a high level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

1.14 The aim of the strategy is to ensure all of the Council’s elected members fully understand the overall long-term policy objectives

1.15 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals.

- **Prudential and treasury indicators and treasury strategy** - The first, and most important report covers:
 - the capital plans (including prudential indicators);
 - a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
 - an investment strategy (the parameters on how investments are to be managed).

- **A mid year treasury management report** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition to this the quarterly update reports will be produced. .
 - **An annual treasury report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.
- 1.16 The above reports must be properly scrutinised by the Governance and Audit Committee. This report is presented to Council for approval in February as part of the budget report.
- 1.17 In addition to the three reports detailed above, quarterly reports are also required. These are presented to the Governance and Audit Committee for approval.
- 1.18 **Governance and Audit Committee** – As part of the Committee’s terms of reference the above reports are presented for consideration and scrutiny during the year. The Committee also has authority to approve any in year amendments to the Treasury Management Strategy as may be requested by officers.

Treasury Management Strategy for 2024-25

- 1.19 The strategy for 2024-25 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

- 1.20 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Department for Levelling Up, Housing and Communities (DLUHC) MRP Guidance, the CIPFA Treasury Management Code and DLUHC Investment Guidance.

Training

- 1.21 The CIPFA Treasury Management Code (the Code) requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.
- 1.22 The Code states that that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making”.
- 1.23 The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and board/council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.
- 1.24 As a minimum, authorities should carry out the following to monitor and review knowledge and skills:
- Record attendance at training and ensure action is taken where poor attendance is identified.
 - Prepare tailored learning plans for treasury management officers and board/council members.
 - Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
 - Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.”
- 1.25 In further support of the revised training requirements, CIPFA’s Better Governance Forum and Treasury Management Network have produced a ‘self-assessment’ by members responsible for the scrutiny of treasury management’, which is available from the CIPFA website to download.
- 1.26 Training was provided to members of the Governance and Audit Committee by the Council’s treasury advisors, Link Group, Treasury Solutions, on 29 November 2023 and further training is implemented as required. The training needs of treasury officers are periodically reviewed.
- 1.27 A formal record of the training received by officers central to the Treasury function will be maintained by the Senior Accountant. Similarly, a formal record of the treasury management/capital finance training received by members will also be maintained by the Members Services Officer.

Treasury management consultants

- 1.28 The Council uses Link Group, Treasury Solutions as its external treasury management advisors.
- 1.29 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 1.30 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 The Capital Prudential Indicators 2024/25 to 2026/27

Introduction

- 2.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital Expenditure and Financing

- 2.2 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure	2022/23 Actual Outturn £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Non-HRA	5.072	21.639	5.534	3.039	3.036
HRA	6.674	27.793	21.315	21.091	15.152
Total	11.746	49.432	26.849	24.130	18.188

- 2.3 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Capital receipts reserve	0.965	8.833	10.099	10.117	3.081
Grants and Contributions	2.526	16.877	3.473	0.975	0.975
Reserves	7.858	15.498	13.277	12.169	12.826

Net financing need for the year	0.397	8.224	0	0.869	1.306
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The Council's Borrowing Need (the Capital Financing Requirement)

- 2.4 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.
- 2.5 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset life, and so charges the economic consumption of capital assets as they are used.
- 2.6 The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has no such schemes within the CFR.
- 2.7 The Council is asked to approve the CFR projections below:

	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Capital Financing Requirement					
Closing CFR – Non Housing	14.186	22.123	21.841	22.310	22.834
Closing CFR - Housing	89.960	86.738	83.516	80.294	77.072
Total CFR	104.146	108.861	105.357	102.604	99.906
Opening CFR	107.101	104.146	108.861	105.357	102.604
Movement in CFR	(2.956)	4.715	(3.504)	(2.753)	(2.698)

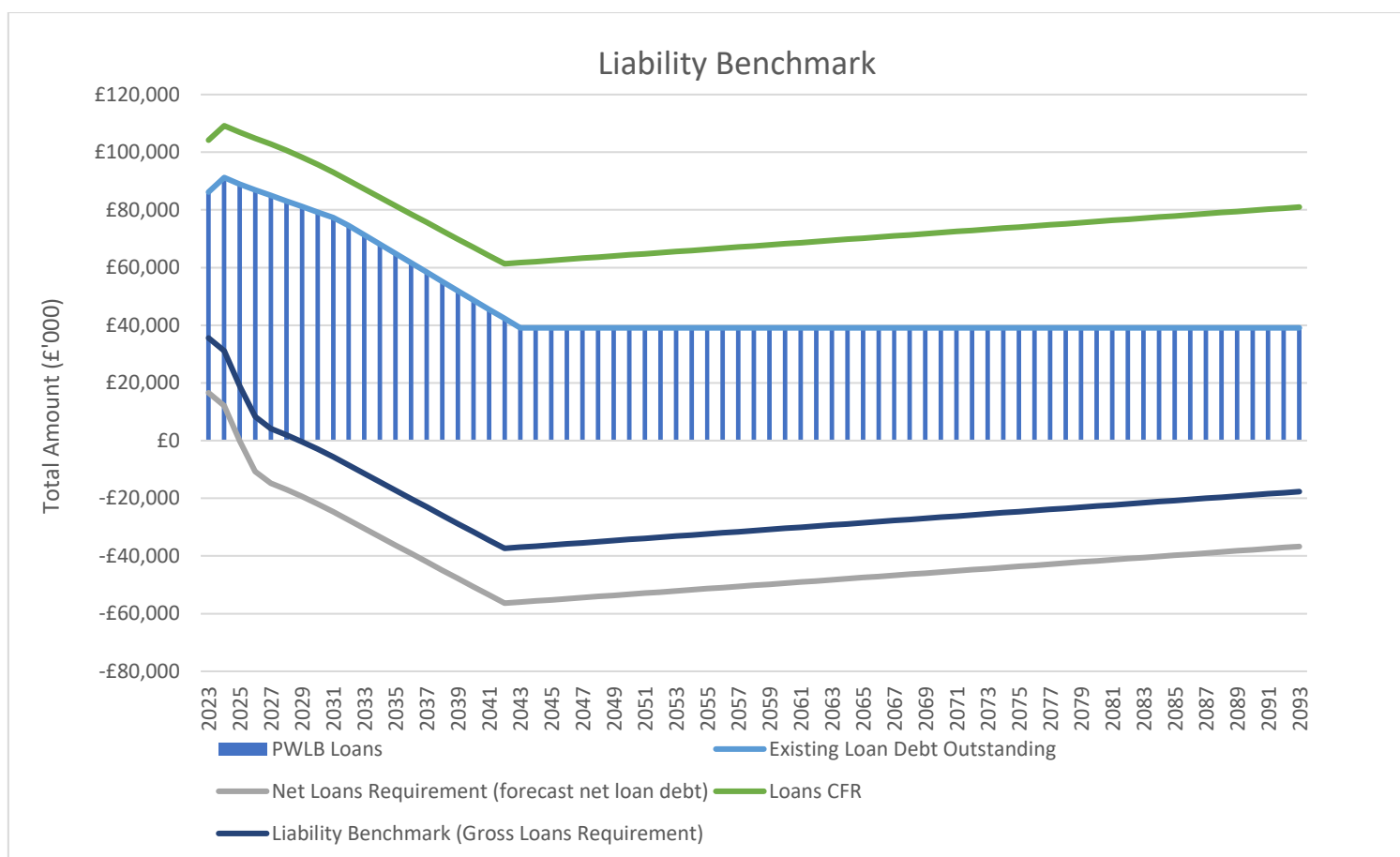
	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Movement in CFR represented by					
Net financing need for the year	0.397	8.224	0	0.869	1.306

Repayment of HRA Borrowing	(3.222)	(3.222)	(3.222)	(3.222)	(3.222)
Less MRP/VRP and other financing movements	(0.131)	(0.287)	(0.282)	(0.400)	(0.782)
Movement in CFR	(2.956)	4.715	(3.504)	(2.753)	(2.698)

Liability Benchmark

2.8 The Council is required to estimate and measure the Liability Benchmark (LB) for the forthcoming year and the following two years, as a minimum. There are four components to the LB:

- **Existing loan debt outstanding:** the Council's existing loans that are still outstanding in future years.
- **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
- **Net loans requirement:** this will show the Council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
- **Liability Benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.



Core Funds and Expected Investment Balances

2.9 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
General Fund balances	19.971	14.662	12.708	12.650	11.860
Capital reserves – General Fund	3.553	2.143	1.130	0.055	0.055
Capital reserves – HRA	12.156	12.112	7.813	2.671	3.490
HRA reserve	15.414	11.297	11.017	10.917	10.817

Major Repairs Reserve	19.553	21.678	18.049	13.895	9.762
Total Core Funds	70.647	61.892	50.717	40.188	35.984
Working Capital - GF*	1.986	1.958	1.958	1.958	1.958
Working Capital - HRA*	1.762	1.044	2.141	4.151	6.235
Expected Investments	74.395	64.894	54.816	46.297	44.177

Working capital balances shown are estimated year end; these may be higher mid-year.

3 Borrowing

- 3.1 The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional Codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the Annual Investment Strategy.

Current Portfolio Position

- 3.2 The overall treasury management portfolio as at 31 March 2023 and the position as at 31 December 2023 are shown below for both borrowing and investments.

	Balance at 31 March 2023 £'000	Balance at 31 December 2023 £'000
Deposits with Banks and Financial Institutions		
Banks		
Close Brothers Ltd	7,000	10,000
Goldman Sachs International Bank	4,000	3,000
Landesbank Hessen-Thuringen Girozentrale (Helaba)	4,000	4,000
Lloyds Bank Plc	5,000	7,000
SMBC Bank International PLC	3,000	3,000
Standard Chartered Bank	9,000	9,000

Al Rayan Bank	0	1,000
Natwest Markets	0	5,000
Santander	0	10,000
Local Authorities		
Wakefield District Council	5,000	0
Leeds City Council	5,000	0
Cambridgeshire County Council	2,000	2,000
West Dunbartonshire Council	4,000	4,000
The Highland Council	0	3,000
Money Market Funds		
Aberdeen Standard	2,509	0
BNP Paribas	5,000	3,108
CCLA	5,000	0
LGIM	5,000	5,000
Federated Prime	0	5,000
Invesco	0	2,268
Property Funds		
CCLA Property Fund	3,000	3,000
Total Treasury Investments	68,509	79,376
External Borrowing		
PWLB	(86,213)	(84,602)
Total External Borrowing		
Net Treasury Investments/(Borrowing)	(17,704)	(5,226)

3.3 The Council's forward projections for borrowing are summarised in the table below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
External Debt					
Existing debt at 1 April	89.435	86.213	82.991	79.769	76.547
Expected change in debt	0.000	0.000	0.000	0.000	0.000
HRA Settlement	(3.222)	(3.222)	(3.222)	(3.222)	(3.222)
Debt at 31 March	86.213	82.991	79.769	76.547	73.325
Closing CFR	104.146	108.859	105.356	102.726	100.537

Under / (over) borrowing	17.933	25.868	25.587	26.179	27.212
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- 3.4 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.
- 3.5 The Section 151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Treasury Indicators: Limits to Borrowing Activity

- 3.6 The operational boundary and authorised limit have been increased to reflect the borrowing requirements to facilitate the delivery of the economic regeneration projects and essential service delivery infrastructure. Any capital schemes that have borrowing implications will be fully evaluated to identify the overall impact on the prudential indicators.

3.7 The Operational Boundary.

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational Boundary	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
General Fund	15.000	22.000	23.000	24.000
HRA	100.000	100.000	100.000	100.000
Other long-term liabilities	0.000	0.000	0.000	0.000
Total	115.000	122.000	123.000	124.000

- 3.8 The operational boundary will be reviewed on an individual project basis as required.
- 3.9 The Authorised Limit for External Debt**

This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

3.10 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although no control has yet been exercised.

3.11 The Council is asked to approve the following authorised limit:

Authorised limit	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
General Fund	33.000	40.000	41.000	42.000
HRA	115.000	115.000	115.000	115.000
Other long-term liabilities	0.000	0.000	0.000	0.000
Total	148.000	155.000	156.000	156.000

Prospects for Interest Rates

3.12 The Council utilises the services of Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the current Link central view:

Annual Average %	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec 2023	5.25	5.00	5.50	5.30
Mar 2024	5.25	4.90	5.30	5.10
Jun 2024	5.25	4.80	5.10	4.90
Sep 2024	5.00	4.70	4.90	4.70
Dec 2024	4.50	4.40	4.70	4.50
Mar 2025	4.00	4.20	4.50	4.30
Jun 2025	3.50	4.00	4.30	4.10
Sep 2025	3.25	3.80	4.20	4.00
Dec 2025	3.00	3.70	4.10	3.90
Mar 2026	3.00	3.60	4.10	3.90
Jun 2026	3.00	3.50	4.00	3.80

Sep 2026	3.00	3.50	4.00	3.80
Dec 2026	3.00	3.50	4.00	3.80

- 3.13 The PWLB forecasts are based on the Certainty Rate (minus 20 bps) which has been accessible to most authorities since 1 November 2012.
- 3.14 The interest rates provided by Link reflect the view that the Monetary Policy Committee (MPC) will continue to further demonstrate their anti-inflation credentials by delivering a succession of rate increase. Bank Rate is currently 5.25% and is expected to fall from September 2024.

Borrowing Strategy 2024/25 – 2026/27

- 3.15 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate remains elevated through to the second half of 2024.
- 3.16 When the Council is considering undertaking borrowing to fund the capital programme, projects or to fund future debt maturities a clear business case must be developed. The business case will need to take into consideration, the revenue consequences of the borrowing including interest payable, MRP and any future income to be generated from the project. Borrowing can then be undertaken where there is a clear business case and affordability is demonstrated.
- 3.17 Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The Section 151 and Deputy Section 151 Officers will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- if it was felt that there was a significant risk of a sharp FALL in borrowing rates then borrowing will be postponed.
 - if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.
- 3.18 The option of postponing borrowing and running down investment balances will also be considered. This would reduce counterparty risk and hedge against the expected fall in investments returns.
- 3.19 Any borrowing decisions will be reported to the Governance and Audit Committee at the next available opportunity.

Policy on Borrowing in Advance of need

3.20 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

3.21 The Section 151 or Deputy Section 151 Officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Section 151 or Deputy section 151 Officer will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities. Borrowing in advance of need will be made within the constraints that:

- It will be limited to no more than 30% of the expected increase in borrowing need (CFR) over the three-year planning period; and
- The Council would not look to borrow more than 24 months in advance of need.

3.22 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Debt Rescheduling

3.23 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates.

3.24 If rescheduling was done, it will be reported to the Governance and Audit Committee at the earliest meeting following its action.

New financial institutions as a source of borrowing and/or types of borrowing

3.25 Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years)
- Municipal Bonds Agency (possibly still a viable alternative depending on market circumstances prevailing at the time).

3.26 Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

Approved Sources of Long and Short term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

4 Annual Investment Strategy

Investment Policy and Counterparty Selection Criteria

- 4.1 The Department of Levelling Up, Housing and Communities (DLUHC) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy.
- 4.2 The Council’s investment policy has regard to the following:
- DLUHC’s Guidance on Local Government Investments (“the Guidance”),
 - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
 - CIPFA Treasury Management Guidance Notes 2021.
- 4.3 The Council’s investment priorities will be security first, portfolio liquidity second, then yield (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the Council’s risk appetite.

- 4.4 In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider “laddering” investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated.
- 4.5 The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:
- the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.
 - Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
 - Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
 - Investment instruments identified for use in the financial year are listed in Appendix 3 under the ‘specified’ and ‘non-specified’ investment categories. Counterparty limits will be as set through the Council’s treasury management practices-schedules.
 - **Specified investments** are those with a high credit quality and subject to a maturity of one year or have less than a year left to run to maturity, if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers being being authorised for use.
 - **Non-specified and loan investment limits.** The Council had determined that it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified investments of 35%.
 - **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the limits in Appendix 3.

- **Transaction limits** are set for each type of investment in Appendix 3.
 - This Council will set a limit for its investments which are invested for **longer than 365 days** (see paragraph 4.20).
 - This Council has engaged **external consultants** (see paragraph 1.28), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Council in the context of the expected level of cash balances and need for liquidity throughout the year.
 - All investments will be denominated in **sterling**.
 - As a result of the change in accounting standards for 2023/24 under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. In November 2018, the MHCLG (now DLUHC), concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23. More recently, a further extension to the over-ride to 31.5.25 has been agreed by Government.
- 4.6 This Council will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance (see paragraph 4.22). Regular monitoring of investment performance will be carried out during the year.

Creditworthiness policy

- 4.7 This Council applies the creditworthiness service provided by Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:
- credit watches and credit outlooks from credit rating agencies;
 - CDS spreads to give early warning of likely changes in credit ratings;
 - sovereign ratings to select counterparties from only the most creditworthy countries.
- 4.8 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:
- Yellow 5 years *

- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

4.9 The Link Group creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue importance to just one agency's ratings.

4.10 Typically the minimum credit ratings criteria the Council uses will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

4.11 All credit ratings are monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- if a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx European Financials benchmark and other market data on a weekly basis via its Passport website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

4.12 Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, as well as information on any external support for banks to help support its decision making process.

4.13 The Treasury Management Officer will use the Link Credit Rating weekly listing as a tool for guidance, with the option to deviate from this guidance only when

there are clear alternative options that are available to the Council. Any decision of this nature should be clearly documented for audit purposes.

- 4.14 Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Nonetheless, when setting minimum sovereign debt ratings, this Council will not set a minimum rating for the UK.

Investment Strategy

- 4.15 **In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current yield curve suggests that is the case at present, but there is the prospect of Bank Rates having peaked in the second half of 2023 and possibly reducing as early as the second half of 2024 so an agile investment strategy would be appropriate to optimise returns.
- 4.16 While most cash balances are required in order to manage the councils cashflow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.
- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
 - Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations.

- 4.17 The current forecast shown in paragraph 3.12 includes a forecast for Bank Rate to have peaked at 5.25% in Q4 2023.
- 4.18 The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows (the long-term forecast is for periods over 10 years in the future):

Average earnings in each year	Link Group	Budgeted*
2023/24	5.30%	4.00%
2024/25	4.70%	5.00%
2025/26	3.20%	4.50%
2026/27	3.00%	3.00%
2027/28	3.25%	
Year 6 onwards	3.25%	

*Budgeted rates are higher than Link's rates as a quarterly dividend is received from the Property Fund which will increase the return the Council earns on investments

4.19 **Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

4.20 The Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 365 days			
	2024/25 £m	2025/26 £m	2026/27 £m
Principal sums invested > 365 days	15.000	15.000	15.000

4.21 For its cash flow generated balances, the Council will seek to utilise its instant access and notice accounts, money market funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

Investment Risk Benchmarking

4.22 These benchmarks are simple guides to maximum risk, so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.010% historic risk of default when compared to the whole portfolio.

Liquidity – In respect of this area the Council seeks to maintain:

- Bank overdraft - £0.5m
- Liquid short-term deposits of at least £12m available with a week's notice.
- Weighted Average Life benchmark is not expected to exceed a maximum of 1 year.

Yield - Local measures of yield benchmarks are:

- Investments – Internal returns above the 7-day LIBID rate
- Investments – External fund managers - returns 110% above 7-day compounded LIBID.

4.23 And in addition, that the security benchmark for each individual year is:

	1 year	2 years	3 years	4 years	5 years
Maximum	0.05%	0.14%	0.26%	0.38%	0.54%

Note: This benchmark is an average risk of default measure (potential loss on investments) and would not constitute an expectation of loss against a particular investment.

End of year Investment Report

- 4.24 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

Appendix 1

THE MRP STATEMENT

Minimum Revenue Provision (MRP) Policy Statement

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Council has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonable commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2018) gives four ready-made options for calculating MRP, but the Council can choose any other reasonable basis that it can justify as prudent.

The MRP policy statement required full council approval in advance of each financial year.

The Council is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2008 which forms part of the supported capital expenditure, the MRP policy will be:

- **4% reducing balance (regulatory method)** – MRP will follow the historical practice outlined in former regulations as 4% of the opening General Fund CFR balance less adjustment A.

From 1 April 2008 for all unsupported borrowing the MRP policy will be:

- Asset life method – MRP will be based on the estimated life of the assets.

Capital expenditure incurred during 2023/24 will not be subject to an MRP charge until 2024/25, or in the year after the asset becomes operational.

The Council will apply the asset life method for any expenditure capitalised under the Capitalisation Direction.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.

MRP in respect of assets acquired under Finance Leases or PFI will be charged at an amount equal to the principal element of the annual repayment. For capital expenditure on loans to third parties where the principal element of the loan is being repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP.

Where no principal repayment is made in a given year, MRP will be charged at a rate in line with the life of the assets funded by the loan.

MRP Overpayments – Under the MRP guidance, any charges made in excess of the statutory MRP can be made, known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent.

Appendix 2

CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2024/25 – 2026/27

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital Expenditure	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Corporate Governance & Public Protection	1.409	3.533	0.975	0.975	0.975
Finance, Property and Waste Services	1.382	2.583	3.961	1.964	1.961
Growth & Culture	2.281	5.868	0.598	0.100	0.100
Non-HRA	5.072	21.639	5.534	3.039	3.036
HRA	6.674	27.793	21.315	21.091	15.152
Total	11.746	49.432	26.849	24.130	18.188

Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

%	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Non-HRA	(4.61)	(4.52)	(4.93)	(4.46)	(2.68)
HRA	5.26	7.30	0.19	2.52	5.14

The estimates of financing costs include current commitments and the proposals in this budget report.

HRA Ratios

	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
HRA debt £m	86.213	82.991	79.769	76.547	73.325
HRA Revenues £m	(25.892)	(28.403)	(30.190)	(31.886)	(32.885)
Ratio of debt to revenues	(3.33)	(2.92)	(2.64)	(2.40)	(2.23)

	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
HRA debt £m	86.213	82.991	79.769	76.547	73.325
Number of HRA dwellings	5,848	5,827	5,809	5,787	5,762
Debt per dwelling £	14,742	14,242	13,732	13,227	12,726

Maturity Structure of Borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits.

Maturity structure of fixed interest rate borrowing 2023/24		
	Lower	Upper
Under 12 months	0%	20%
12 months to 2 years	0%	20%
2 years to 5 years	0%	50%
5 years to 10 years	0%	60%
10 years and above	0%	80%
Maturity structure of variable interest rate borrowing 2023/24		
	Lower	Upper
Under 12 months	0%	20%
12 months to 2 years	0%	20%
2 years to 5 years	0%	20%
5 years to 10 years	0%	20%
10 years and above	0%	20%

Appendix 3

Treasury Management Practice (TMP) 1 – Credit and Counterparty Risk Management

The investment policy proposed for the Council is:

Strategy Guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified Investments – all such investments will be sterling denominated, with maturities up to maximum 1 year, meeting the ‘high’ quality criteria where applicable.

Table A – Specified Investments

	Specified Investments Category	Limit
a	<p>A body of high credit quality, this category includes the following –</p> <ul style="list-style-type: none"> <input type="checkbox"/> Any bank or building society using Sector Creditworthiness service, following the suggested duration on the list up to a maximum of 365 days. <input type="checkbox"/> Nationalised and Part nationalised banks can be included within specified investments as long as they remain part-nationalised 	<p>£15m per institution or a maximum of 30% of total investment (whichever is the greatest), £15m per corporate group</p>
b	<p>The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity)</p>	no amount limit
c	<p>UK local authorities, Parish Council or Community Council</p>	£5m per institution
d	<p>Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This category covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor’s, Moody’s or Fitch rating agencies. DLUHC Investment Guidance specifies that Money Market Funds with high credit ratings are classified as Specified Investment. These funds are instant access investment. There is possibility that part of the investment may be exposed to counterparties the Council would not approve normally or invest directly. The counterparty risk is mitigated by that –</p> <ul style="list-style-type: none"> • The Fund Managers diversify investment in a range of counterparties; 	£5m per fund

	<ul style="list-style-type: none"> • The Funds are instant access; • The Council only invests in funds rated AAA; • DLUHC Investment Guidance classifying such funds as Specified Investment. 	
e	<p>Enhanced Money Market Funds</p> <p>These are similar to normal money market funds but operate on a variable rate basis. The selection criteria will be on the same basis as the pooled investment vehicles with only funds rated AAA by Standard and Poor's, Moody's or Fitch rating agencies being used.</p> <p>In addition to this only EMMF's with a credit score of 1.25 and above will be used.</p>	£5m per fund
f	<p>Ultra Short Dated Bond Funds</p> <p>These are similar to normal money market funds but operate on a variable rate basis. The selection criteria will be on the same basis as the pooled investment vehicles with only funds with a credit score of 1.25 and rated AAA by Standard and Poor's, Moody's or Fitch rating agencies being used.</p>	£5m per fund
g	Corporate Bond Funds	£5m per fund

Non-Specified Investments – These are any investments which do not meet the specified investment criteria. Amounts invested with any one corporate group shall not exceed £5m (with the exception of the Councils own bank and the top 10 rated building societies).

Amounts invested in non-specified fixed term investments would normally not exceed 35% of the total Invested. The Section 151 or Deputy Section 151 has the discretion if required to exceed this, and the limits detailed below, should the rate of return on Investment be beneficial to the council. Any decision will be based on taking into account current and future market conditions as well as counterparty strength and rating. If these circumstances are required this will be reported back to the Governance and Audit Committee through the annual reporting cycle.

The table below is not an exhaustive list of all non-specified investments; further options are identified in the narrative section within the strategy.

Table B – Non Specified Investments

	Non Specified Investment Category	Limit
a.	Any institutions meeting the criteria set out for Specified Investments , with a maturity of greater than 1 year following the suggested duration on the list up to a maximum of 5 years. (including forward deals in excess of one year from inception to repayment).	£4m maximum of 3-years per institution
b.	Council's Bank – Should it fail to meet the basic credit criteria, monies will be restricted to instant access and will be minimised as far as is possible.	£7m
c.	Top 10 building societies, by asset value – The operation of some building societies does not require a credit rating, although in every other respect the security would match similarly sized societies with ratings. The Council may use such building societies that all placed within the top 10 by asset value.	£2m maximum of 3-years per institution. £10m for all top 10 building societies
d.	UK Local Authorities, Parish Council or Community Council	£5m per institution
e.	Property funds The use of these instruments can be deemed capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using.	£5m No maximum duration period.

Note: This Authority will seek further advice on the appropriateness and associated risks with investments in these categories.

Maximum limit per institution – The maximum limit for both specified and non-specified investments is a total of £15m per corporate group with a higher limit of £18m at the discretion of the Section 151 Officer (or deputy) where an institution is considered to be of a higher credit quality.

The monitoring of investment counterparties – The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Group as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principle and interest. Any counterparty failing to meet the criteria will be

removed from the list immediately by the Section 151 Officer (or Deputy), and if required new counterparties which meet the criteria will be added to the list.

Ethical Investment Statement

Investment guidance, both statutory and from CIPFA makes clear that all investing must adopt the key Treasury Management principles of security, liquidity and yield (SLY) in this order of priority. The Council is however, committed to Environmental, Social and Governance (ESG) factors. Through the Treasury Management Strategy, in terms of ESG investment considerations, ESG metrics, will be used where appropriate and available in the credit rating agency assessments when considering investment opportunities.

Typical areas of consideration include:

- (i) Environmental: Emissions and air quality, energy and waste management, waste and hazardous material, exposure to environmental impact.
- (ii) Social: Human rights, community relations, customer welfare, labour relations, employee wellbeing, exposure to social impacts.
- (iii) Governance: Management structure, governance structure, group structure, financial transparency.

Local Authority Controlled Company – LACC.

The Council has the ability to make loans to a Local Authority Controlled Company. The criteria for a loan being made with a LACC will be that there is a clear business plan that demonstrates the affordability of the investment for the LACC.

Use of External Fund Managers – The Council is not restricted to placing funds with cash managers, and will manage funds in house, use fund managers, or brokers if it is appropriate to do so.

The fund managers will use both specified and non-specified investment categories and are contractually committed to keep to the Council's investment strategy. Currently the Council has an agreement with King & Shaxson, Tradition UK, Imperial Treasury and Sterling International. The fund managers are required to adhere to the following:

- All investments restricted to sterling denominated instruments;
- Amounts invested with any one institution or Corporate Group should not exceed the limits specified in Table A and Table B.
- Portfolio management is measured against the return provided by the 3-month sterling LIBID, or in accordance with the measures specified in the contract.

The performance of investment managed by Fund Managers is reviewed at least quarterly by the Section 151 or Deputy Section 151 Officer.

Appendix 4

TREASURY MANAGEMENT SCHEME OF DELEGATION

i. **Council**

- Approval of the annual Treasury Management Strategy Statement
- Approval of the budget framework

ii. **Governance and Audit Committee**

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

Appendix 5

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer is responsible for:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.



SOUTH
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Governance and Audit Committee


24 January 2024

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

Health and Safety Policy 2023 – 2025

Report Author

Phil Swinton (Health, Safety and Compliance Manager)

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Purpose of Report

This report presents the updated Health and Safety Policy. This updated policy ensures compliance with the Council's legal duties and covers the period 2023-25. The Council's Health and Safety Policy is its statement of intent and commitment to managing any risk that may arise from its undertakings.

Recommendations

It is recommended that Members:

1. Approve the contents of the Health and Safety Policy for the period 2023-25, subject to any further comments.

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 Wards

1 The Background to the Report

- 1.1 The policy is the Council's statement of intent and details how it will manage health and safety and comply with relevant legislation, this includes the arrangements for ensuring sufficient resourcing and the duties and responsibilities of officers for implementing the policy.

2 Consultation and Feedback Received, Including Overview and Scrutiny

- 2.1 Feedback on the content and structure has been received from the Corporate Management Team and incorporated into the policy.
- 2.2 Whilst health and safety monitoring falls under the remit of the Governance and Audit Committee, Health and Safety policy also falls under the remit of the Environment Overview and Scrutiny Committee.
- 2.3 The draft policy has been shared with the Chair of both the Governance and Audit Committee and, given the relevance to staff and working practices, the Employment Committee.

3 Available Options Considered

- 3.1 The requirement for the Authority to have a Health and Safety Policy is determined by statute law therefore no other options are available for consideration.

4 Preferred Option

- 4.1 To note the contents of the policy and give any feedback to assist the senior management to continue to maintain robust health and safety arrangements for the Council.

5 Reasons for the Recommendation

- 5.1 There is a legal requirement to create and maintain a Health and Safety Policy and to set out formally the arrangements for the management of risk

6 Next Steps – Communication and Implementation of the Decision

- 6.1 Subject to the approval of the Health and Safety Policy, it will be communicated to all departments and relevant Senior Officers and made available online.

7 Financial Implications

- 7.1 Failure to undertake and produce a written Health and Safety Policy, along with the arrangements to mitigate the risk associated with Council activities could result in prosecution and fines against the authority for breaches of statute law, namely the Health and Safety at Work Act 1974.

Financial Implications reviewed by: Richard Wyles, Section 151 Officer

8 Legal and Governance Implications

- 8.1 The Management of Health and Safety at Work Regulations 1999 require employers to put in place arrangements to control health and safety risks. As a minimum the Council should have processes and procedures required to meet the legal requirements, including;

A written health and safety policy (if you employ five or more people).

Assessments of the risks to employees, contractors, customers, partners, and any other people who could be affected by your activities - and record the significant findings in writing (if you employ five or more people). Any risk assessment must be 'suitable and sufficient'.

Arrangements for the effective planning, organisation, control, monitoring and review of the preventive and protective measures that come from risk assessment.

Access to competent health and safety advice.

Providing employees with information about the risks in your workplace and how they are protected;

Instruction and training for employees in how to deal with the risks.

Ensuring there is adequate and appropriate supervision in place.

Consulting with employees about their risks at work and current preventive and protective measures.

Legal Implications reviewed by: Mandy Braithwaite, Legal Executive

9 Equality and Safeguarding Implications

- 9.1 Whilst Health and Safety requirements are necessary to manage risk, the Authority is mindful of its responsibilities under the Equality Act 2010. Therefore, due regard will be paid (where practicable) to any reasonable adjustments required by staff and Members in the delivery of their duties. No adjustment that would risk the safety of an employee, elected Member or contractor could be considered and therefore officers would work to ensure all suitable alternative options were explored to provide an equitable outcome for all.

10 Risk and Mitigation

- 10.1 Risk has been considered as part of this report and any specific high risks are included in this report.

11 Community Safety Implications

- 11.1 None identified.

12 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?

- 12.1 There are no implications for the Council's declaration of climate emergency.

13 Other Implications (where significant)

- 13.1 None identified.

14 Background Papers

- 14.1 None.

15 Appendices

- 15.1 Appendix A: Health and Safety Policy

Health and Safety Policy

Issued: November 2023
Review: November 2025



SOUTH
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Health and Safety Policy

General Policy Statement

South Kesteven District Council recognises and fully accepts its responsibilities under the Health and Safety at Work Act 1974 and gives its full commitment to doing everything reasonably practicable to protect the safety, health and welfare of all its employees and other persons whose health and safety may be affected by the Council's activities. The Council will take reasonable steps to ensure that all its contractors and partners in service provision conduct their activities in a manner that is safe and without risk to health.

High standards of health and safety are an integral part of our organisation's vision, values, priorities and performance standards. We are committed to the continuous improvement of our health and safety systems, building a positive health and safety culture for the benefit of our employees, customers and the efficiency of our service delivery.

It is the policy of the Council, in so far as it is reasonably practicable:

- To provide and maintain equipment and systems of work that are safe and without risks to health.
- To ensure safety and the absence of risks to health

- in connection with the use, handling, storage and transport of articles and substances.
- To provide a competent source of health and safety advice to managers and to supply information, instruction, training and supervision as is necessary to provide for the health and safety at work of our employees.
- To maintain all places of work under the Council's control, including means of access and egress, in a condition that is safe and without risk to health and to provide appropriate facilities for welfare.
- To provide for the identification and assessment of health and safety risks and to eliminate or control those risks.
- To comply with the statutory requirements as a minimum standard of health, safety and welfare of employees at work and all others towards whom we have statutory health and safety obligations.
- To ensure that the roles of managers towards health, safety and welfare are defined with responsibilities clearly assigned and communicated.
- To ensure that our employees are aware that they have a duty to work safely and to co-operate in all matters that affect their health and safety at work.

The Council recognises the link between efficiency, safety and health and aims to minimise the costs, losses and disruption which arise from work related accidents, ill health and dangerous occurrences.

Appreciating that consulting and working in partnership with our employees and trade unions on health and safety matters is important in creating and maintaining a safe and healthy work environment, the Council will maintain suitable arrangements for joint discussion and employee involvement.

In order to ensure that adequate financial, human and other resources are made available for the effective implementation of this policy, procedures and systems will be maintained to monitor health and safety performance with all necessary feedback provided to members, managers and staff representatives.

Each service, service team or work site, whichever is most appropriate, will produce the necessary documentation and maintain local health and safety arrangements i.e. the local roles and responsibilities for health and safety together with the systems and procedures to put into practice the Council's Health and Safety Policy. Managers are responsible for ensuring that the Council's Health and Safety Policy and applicable corporate health and safety and local health and safety arrangements are brought to the attention of all employees, whether permanent or temporary, agency workers or those on fixed term contracts.

The Council's current corporate health and safety priorities are to ensure the wider development of guidance to support managers and employees, and the promotion of health and safety incident reporting to ensure all relevant incidents are being captured and investigated with proportionate action then taken.

Health and Safety is the responsibility of all Elected Members and all employees at every level.



Karen Bradford
Chief Executive



Councillor Richard Cleaver
Leader of the Council



Organisational Structure



It is the duty of Elected Members, the Chief Executive, the Management Team and Service Heads to ensure, so far as is reasonably practicable, that health and safety policy and legislation is adhered to by all and by those carrying out work for the Council.

The specific responsibilities of the Council, its members and employees under this policy are as follows:

General duties and responsibilities

The Council

The Council will, via the Cabinet, ensure so far as is reasonably practicable, that sufficient resources are provided to comply with the duties imposed by health and safety legislation and encourage the achievement of exemplar status in health and safety matters.

Chief Executive

The Chief Executive has overall responsibility for health and safety at the Council and is accountable to the elected members for the overall delivery of this policy.

Responsibilities include:

1. To advise the Council on arrangements, policies and resources necessary to fulfil the Council's responsibilities for the policy.
2. Make suitable arrangements to ensure the implementation and administration of the Council's instructions.

3. To ensure that health and safety matters are an integral part of Management Team meetings.
4. To ensure that the Management Team understands and implements its duties and responsibilities under this policy.

Management Team

The Management Team is responsible for ensuring its Health and Safety duties are carried out as outlined in the Policy and to obtain necessary support where identified to ensure compliance with Council Policy and Procedures.

Responsibilities include:

1. The implementation and compliance with statutory requirements in its area(s) of responsibility.
2. To ensure that this policy is implemented and administered within its area of responsibility.

Attend health
and safety
training as
advised



**Work Place Safety
Training Manual**

3. To make appropriate arrangements for advising the Council, through the Chief Executive, of the resources necessary to meet the health, safety and welfare requirements of their areas of responsibility.
4. To ensure that Heads of Service, Managers and Team Leaders understand and implement their duties and responsibilities under this policy and provide any necessary support and leadership.
5. To utilise, consult and co-operate with the Council's Health and Safety Officer.
6. To support and provide leadership to the Council's Health and Safety Group.
7. To attend health and safety training as advised.
8. To formally monitor the health and safety performance of all services within their area of control, including monitoring health and safety action plans and the health and safety management performance of Service Heads.

Service Heads

Service Heads are responsible for ensuring health and safety within their business area, both corporate matters and those specific to the business area, are effectively managed.

Responsibilities include:

1. The implementation of this policy and compliance with the statutory requirements in their area of responsibility.
2. The implementation of the controlled measures detailed within the Council's generic risk assessments.

3. The preparation and revision as directed within the health and safety risk assessment procedure of service, specific risk assessments and any necessary safety arrangements including safe systems of work and method statements.
4. To ensure that persons managed by Service Heads are adequately instructed, trained and supervised in health and safety related matters.
5. To take such measures as are appropriate to ensure that contractors employed or others acting on behalf of the Council within their service are aware of their responsibilities under this policy and relevant legislation and also complete the contractor health and safety competency assessment or checklist as appropriate.
6. To ensure that safety equipment is provided and used and any safety instructions are observed.
7. To ensure that the workplace, machinery, plant and equipment are maintained in a safe condition and that all defects are rectified promptly.
8. To ensure that satisfactory completion of the Council's accident and incident book including an investigation report of the incident, where necessary, and notification under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) will be completed by the Corporate Health and Safety Team.
9. To ensure that the Unacceptable Behaviour Policy and Procedure is complied with and employees are protected from such persons, so far as is reasonably practicable.

10. To take effective steps to ensure that persons under their control are familiar with procedures to be followed in case of fire or other emergencies.
11. To ensure a suitable number of trained fire check staff are provided in conjunction with Corporate Health and Safety.
12. To ensure that all new employees complete health and safety induction and attend the Council's "Health and Safety for Employees" training or equivalent.
13. To ensure all statutory and advisory notices are displayed within the service area environs.
14. To ensure health and safety related documentation is available and current.
15. To ensure protective clothing or safety equipment is provided and the necessary arrangements are in place to store, issue and maintain it.
16. To maintain good standards of housekeeping, paying particular attention to storage arrangements and access to means of emergency escape.
17. To liaise and co-operate with the Council's Health and Safety Officer in matters affecting the health and safety of an individual in relation to work.
18. To ensure that adequate arrangements are in place to protect members of the public and others who may be affected by the activities of the Council.
19. To carry out and complete the health and safety Service Manager self-audit and self-assessment as and when requested by the Health and Safety Officer. This will form part of the process of measuring the performance of the Council on health and safety.

20. To attend Health and Safety Training as advised by this policy or through the Corporate Health and Safety Advisor.
21. To formally monitor the health and safety performance of all operations and services under their control, including monitoring health and safety action plans and the health and safety management performance of managers and supervisors.

Team Leaders/Supervisors

The role and responsibilities of the Team Leaders and Supervisors will be directed to day to day operational implementation and checking of health and safety standards within their sphere of control; specifically Team Leaders and Supervisors are required to:

1. Ensure that they are aware of health and safety and other legal requirements and Council policies and expected standards applicable to the service area within their control.
2. Ensure that good housekeeping standards are maintained in their area of responsibility.
3. Risk assess and plan work activities including routine, non-routine and emergency situations in order to minimise the risk of accident or ill health.
4. Ensure that new employees receive relevant health and safety information and instruction as part of their induction training.
5. Highlight hazards to employees and ensure preventative and protective measures are understood.
6. Ensure mechanisms are in place for employees



Ensure persons are familiar with fire or other emergency procedures.

to report any health and safety problems, near miss incidents and work related injuries or ill health. Ensure that reported matters are suitably investigated to prevent recurrence.

7. Ensure employees are competent by providing them with appropriate information, instruction, training and supervision to carry out their tasks safely. Ensure that staff attends training.
8. Check that health and safety rules, standards and controls are implemented and adhered to as part of their day to day supervisory duties and acting decisively should any shortcomings be identified.
9. Ensure protective clothing and equipment provided is available, worn and used where required.
10. Ensure that all staff are adequately supervised, particularly new, young and inexperienced staff.
11. Ensure that appropriate action is taken when personnel do not conform to safety requirements or rules and who work in an unsafe manner.
12. Ensure that the procedures are followed for the effective management of contractors when working for the Council.

This includes agreeing with the contractor the scope of the work, the associated hazards and risks, production of an agreed risk assessment and safe systems of work and monitoring the works to ensure compliance with the agreed safe systems.

Employees

All employees, are responsible for taking reasonable care for their personal health and safety and must not do anything which is likely to endanger themselves or other

persons, either working on behalf of or affected by Council actions.

All employees will:

1. Familiarise themselves/be provided with access to and comply with this policy, relevant guidance and observe safety rules and procedures.
2. Comply with all instructions and training given by persons responsible for health and safety.
3. Wear and maintain in good order appropriate safety personal protective equipment and clothing supplied by the Council.
4. Report all accidents/incidents, dangerous occurrences and near misses within the Service Accident Book and ensure the Service Manager is informed.
5. Report all dangerous property, practices, equipment and plant to their manager. If no satisfactory action is taken, seek further advice from the Corporate Health and Safety Advisor and/or refer the matter in accordance with the Council's Grievance and Whistle Blower procedures.
6. Report all incidents of unacceptable behaviour in accordance with the Unacceptable Behaviour Policy and Procedure.
7. Remain aware of the correct action to be taken in case of accident, fire or other similar emergency.
8. Provide assistance to visitors in the event of an emergency.
9. Revise all health and safety training sessions arranged on their behalf.

**CAUTION
WET FLOOR**



Lead for Health and Safety

Community Resilience

The Council's designated competent person for health and safety matters is the Health and Safety and Emergency Planning Manager. The health and safety advisory function is within Community Resilience and is provided through the Health and Safety Team.

Responsibilities include:

1. To assist in ensuring the Cabinet, CMT and relevant team leaders are adequately trained in the management of health and safety via Human Resources.
2. To ensure the provision of competent advice, guidance and assistance to managers at all levels of health, safety and welfare issues.
3. To promote the development and maintenance of health practices and be available for advice as necessary.

The Governance and Audit Committee within their frame of reference hold responsibility for monitoring the Annual Report on the effectiveness of the Council's Health and Safety Policy.

4. To assist the Council and the Chief Executive in ensuring that the Council fulfils its responsibilities through this policy to employees and others who may be affected by the activities of the Council.
5. To produce the Council's Safety Policy and modify

as necessary with a formal review every two years.

6. To produce and review the Council's generic Health and Safety Risk Assessments.
7. To advise on the application of any changes to statutory requirements affecting the Council.
8. To advise and assist in Health and Safety Training requirements.
9. To prepare and deliver an Annual Action Plan with target dates.
10. To prepare regular reports to the Management Team detailing the performance of the Council in health and safety matters.
11. To prepare the Corporate Health and Safety Annual Reports to the Management Team and relevant Committees.
12. To receive, maintain and analyse accident reports and work with managers to ensure that effective investigations are carried out and that measures are implemented to address the underlying and root causes.
13. To carry out and arrange health and safety audits of services and work activities on a frequency, determined by hazard and risk assessments.
14. To assist in the production of, and where necessary, produce guidance policies and procedures for health and safety matters.
15. To guide, instruct and, where necessary, participate in the training of Display Screen Equipment (DSE) to administrators and fire check staff.

16. To participate in, lead and, where necessary, co-ordinate formal or informal safety meetings.
17. To co-ordinate the Council's Health and Safety Group as led by the Service Heads for Environment.
18. To maintain a dialogue with all services, other local authorities and outside bodies (e.g. Fire Authority, Health and Safety Executive, etc.) on health and safety matters.

In fulfilling these responsibilities, the Health and Safety Team will have access to any Council work place. In extreme circumstances where it is felt there is imminent danger; the Health and Safety Team shall have the right to insist that particular work or use of equipment should cease or be changed until steps can be taken to rectify the defects. In addition, such equipment may be removed if deemed unsafe. The use of "Stop Notices" will be employed. Stop Notices will not be removed until such time as the defect has been shown to be rectified.

Safety Representatives:

The Council recognises the appointment of safety representatives by recognised trade unions. The Council will provide safety representatives with the necessary time off with pay to attend training courses approved by the Trade Union in order to carry out their functions. The Council will also provide such reasonable facilities as may be required to assist in the performance of these functions.

Functions include:

1. The investigation of potential hazards and dangerous occurrences at the workplace (whether or not they are drawn to their attention by the employee they represent).
2. The examination of the causes of accidents at the workplace.
3. The investigation of complaints by any employee represented; related to that employee's health, safety or welfare at work.
4. To make representations to the Council on matters arising out of the above functions.
5. To make representations to the Council on general matters affecting the health, safety or welfare at work of the employees in the workplace.
6. To carry out workplace inspections.
7. To represent their members in employee consultations at the workplace with inspectors of the Health and Safety Executive and other enforcing authorities as required.
8. To receive information from inspectors in accordance with the Health and Safety at Work Act.
9. To attend meetings of safety committees in connection with any of the above functions.

Arrangements

General

The following arrangements supplement the policy but are not intended to be exhaustive. Constant observation of the policy adherence to the rules and maintenance of good practices and procedures will prevent personal injury and in some cases property and equipment damage. This policy and other specific policy protocol procedures and guides detailed within this policy can be found on the health and safety page of the intranet.

Performance

Measurement of health and safety performance forms a key part of the ongoing health and safety arrangements of the Council. In order to achieve satisfactory standards of performance; effective health and safety management is placed at the heart of the operating culture. To this end, opportunities to embed the management of health and safety will be part of the delivery of key corporate programmes and initiatives such as “Unlocking our Potential” and plans to enhance staff wellbeing. The following information is assessed to provide a baseline against which to measure progress and provide opportunities to learn and revise relevant operating factors:

- Attendance at Corporate Induction Health and Safety Training of 100% within six months of starting work (service specific health and safety induction is provided by line managers).
- All Service Heads and, where identified as appropriate, other Managers, to hold IOSH Managing Safely

qualification.

- Near miss incidents recorded and assessed.
- Requests for advice to Health and Safety recorded.
- Monitoring of RIDDOR notifications.
- Number of employer’s liability insurance claims.
- Numbers and results of internal Health and Safety reviews of service specific areas and activities.
- Results of health and safety culture surveys.
- Accident rates for services.
- Working days lost.

Consultation

Employees will be consulted on health and safety matters, either directly through line management at team /service meetings or 121s, through all staff briefings or by safety representatives. Employees can make suggestions to improve health and safety at any level of the organisation by whatever means or directly to the Corporate Health and Safety Team. Employees can raise concerns directly to the Corporate Health and Safety Advisor or by making use of the Council’s Whistleblowing scheme, details of which can be found on the Council’s intranet.

Training, Instruction and Supervisions

The Council recognises its responsibility for training instruction and supervision in health and safety for all employees. All employees must co-operate in undergoing training and instruction training. Instruction and supervision must be provided, particularly where employees are new, transferred from other workplaces/ jobs or before using new equipment/materials. This may include areas such as manual handling, use of work equipment, use of chemicals and personal protective equipment.

Where appropriate, the health and safety training session, "Health and Safety for Employees", is available to all employees, but is mandatory for new employees as part of the induction process. New employees will also complete an induction checklist with their line manager upon employment, a copy of which will be retained on the employee's personal records. Refresher training is available for existing staff and needs to be arranged by the line manager.

Additional and specific job related health and safety training will be arranged as necessary through the Service Heads or member of the Management Team and identified through the risk assessment process. All Service Heads, and relevant managers where a need is identified, will train to at least IOSH Managing Safety level and achieve the relevant accreditation. The Chief Executive, Management Team and relevant Cabinet Members will attend health and safety training as advised by the Corporate Health and Safety Team.

Risk Assessment

The Council is required under the Management of Health and Safety at Work Regulations to carry out health and safety risk assessments, in order to continue to fulfil the Council's commitment to providing a safe and healthy work environment. To comply with regulations, the Council has provided and maintains a suite of risk assessments and support via the Health and Safety Team.

Section 1:

Generic Risk Assessments which generally apply to a group of workers as a whole over several locations. It is the responsibility of the Health and Safety Team to review, alter, amend and add to these generic risk assessments as necessary.

Section 2:

Guidance on completing risk assessments is available on the Council's intranet, through the Health and Safety page.

All employees must be made aware of the significant findings of the risk assessments and their responsibilities for ensuring that the control measures are suitably implemented. Awareness will be provided initially as part of any new employee's induction and then through training.

After any incident or on an annual basis, assessments must be reviewed and any changes to the assessment relayed to all staff appraisals, meetings or any other such measures as deemed appropriate by the Service Heads or member of Management Team.

First Aid

Qualified first aiders and/or appointed persons are provided to cover the offices and areas of work activity of the Council. Names of first aiders and the location of suitably stocked first aid boxes are displayed on notices on the health and safety notice boards. Portable first aid kits will be provided within Council vehicles as determined by the relevant Service Head or member of the Management Team.

In the case of an injury requiring first aid and the absence of qualified first aiders; first aid should not be administered although the contents of the first aid box may be offered to the injured person, pending appropriate treatment. First aid treatment will only be offered by trained officers.

Accident and Incident

All accidents, incidents and near misses, which have any implications with respect to health, safety and welfare, must be recorded and reported in accordance with the Council's Accident and Incident Guide. All accidents must be reported using the Corporate Accident and Incident Form found on the Council intranet.

All accidents, incidents and near misses must be thoroughly investigated by the supervisor/line manager in order to identify measures required to prevent a re-occurrence. In the case of serious/significant incidents, then the Health and Safety Team can assist

with investigations. It is a legal requirement under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) to report certain specified accidents and work related ill health. All forms to be completed and returned to the Corporate Health and Safety Team, who will decide on RIDDOR.

Fire and Evacuation Procedure

All employees are responsible for ensuring that they are fully aware of the Fire and Emergency Procedures for their place of work. Trained Fire Check Staff are available within all service/sites and tasked with duties which include carrying out fire safety audits and co-ordinating evacuation in the event of an emergency. Detailed information will be set out in the Council's Fire Safety Protocol and Procedure. All employees are required to complete the e-learning online fire safety training.

Bomb Threat and Suspect Package/Letter Procedure - a guide for Employees is available on the intranet. Employees should ensure that they are aware of this guidance and the action to be taken in the event of an emergency.

Qualified first aiders or appointed persons are provided to cover the offices and areas of work activity.

Housekeeping

Everyone has a vital part to play in ensuring good standards of housekeeping. It is essential to conform to the arrangements for:

- Items not in immediate use to be placed in proper storage, to keep floor/ground area clear.
- Storage and disposal of waste.
- Correct positioning of furniture, equipment and storage facilities.
- Maintaining corridors, access, egress and emergency escape routes free from obstruction and trip hazards at all times.
- Fire doors marked as such should be kept closed at all times as directed by the door signage.

Slips, Trips and Falls

Slips, trips and falls are the most common cause of major accidents at work and can happen for any number of reasons. In order to prevent slips, trips and falls the Council and, where appropriate, employees must ensure that:

- Flooring is suitable for the type of work activity and is also fitted and cleaned correctly and maintained in good order.
- Stairs have high visibility, non-slip square-nosed edgings to steps, suitable hand rails and steps of equal height and width.
- Contamination caused by anything that ends up on the floor, for example, water, oil, dust is cleaned effectively and quickly.

- There are effective levels of housekeeping in order to avoid obstacles, to include suitable walkways through the workplace, no trailing cables nor obstructions and suitable storage space.
- There is an effective cleaning regime which incorporates good communication, training and supervision, with the correct cleaning products and equipment.
- There is a positive 'see it, sort it!' attitude and consideration is given to how movement is carried out throughout work areas.
- Consideration is given to environmental issues such as lighting (natural or otherwise), the weather, humidity, condensation, etc.
- Suitable footwear/gloves for the work activity are worn and, where appropriate, provided by the Council as determined by a risk assessment.

No-Smoking Policy

The Council is committed to fully complying with the smoke-free legislation. The Council operates a No-Smoking Policy, which establishes a set of standards for ensuring a smoke-free working environment. In addition, Service Heads Guidance is provided to ensure employees and visitors to the Council adhere to the legislation and Council policy. This guidance and policy also applies to Council vehicles.

Work Equipment

Any work equipment which is used by an employee at work is covered by the Provision and Use of Work Equipment Regulations (PUWER) and Service Heads or

members of the Management Team must ensure that the equipment is:

1. Suitable for the intended use.
2. Suitably controlled through a risk assessment which clearly identifies control measures to be implemented to make it safe for use.
3. Maintained in safe conditions and where appropriate inspected to ensure this remains the case. Records will be kept to this effect.
4. Used only by people who have received adequate information, instruction and training, which is recorded for the individual.
5. Accompanied by suitable safety measures, e.g. protective devices, markings and warnings.

Display Screen Equipment (DSE)

In order to comply with the Health and Safety (Display Screen Equipment) Regulations, Service Managers or member of Management Team will ensure:

1. That all staff carry out the online DSE self - assessment, including the training programme.
2. Where issues are raised by staff, these are dealt with accordingly through their line management or where appropriate referred for specialist advice through the Corporate Health and Safety Advisor.
3. Eye and eyesight tests are made available to DSE users. Employees will be advised of this arrangement through the DSE online self- assessment process. Eye examination fees and any contribution towards the provision of spectacles or their adaptations,

where this is necessary for work purposes, is co-ordinated through Organisational Development.

Driving and Workplace Transport

- **Drivers;** all employees, where driving is part of their work, should be competent, trained and fit and healthy so as not to put themselves or others at risk. Detailed responsibilities for drivers acting on behalf of the Council are set out in a Driver Guidance document. This includes checks of licences, MOT, penalty points, business use insurance and is overseen by the relevant Service Heads or member of the Management Team. Employees should satisfy the eyesight requirements set out in the Highway Code.

No employee should drive or operate vehicles if they have taken alcohol or illegal drugs or have reason to believe that they may be under the effect of alcohol or illegal drugs. Employees must inform their line manager if they are taking any medication, whether over-the-counter or prescription, which may affect their ability to drive safely.

It is illegal to use a mobile phone whilst driving and drivers could face legal action through the police and/or additional disciplinary action by the Council. Hands- free facilities may be available within vehicles or to drivers; however, the use of hands-free devices should be monitored as drivers may be distracted by calls taken while driving. In the absence of a hands-free facility, mobile phones should be set to answer phone and taken when it is safe and legal to do so.

Young drivers and those with limited experience will be offered support and coaching and their progress will be monitored through the relevant Service Heads or member of the Management Team.

- **Vehicles;** where vehicles are provided by the Council, these will be fit for purpose and maintained roadworthy order. Planned and preventative maintenance of Council vehicles will be carried out in accordance with manufacturer's recommendations. Additional basic safety checks must be carried out by drivers, as directed by the Council. The Council will maintain appropriate levels of vehicles' insurance. Where employees use their own vehicles for work they should maintain the vehicle in satisfactory roadworthy condition and ensure they have an appropriate level of vehicle insurance to include business use at all times, in accordance with SKDC's Driver Guidance.
- **Workplace;** the Council will ensure that traffic routes and surfaces under its control are suitable for purpose and not uneven, potholed, sloped or slippery. Suitable and sufficient lighting will be maintained and, where necessary, signs, signals and markings will be provided.

Those employees responsible for the receipt of deliveries should ensure that arrangements are in place so these are carried out in a safe manner with minimal risk to pedestrians, in particular where the reversing of vehicles cannot be avoided.

Contractors and Sub-contractors

Service Heads or a member of the Management Team engaging the contractor will ensure that contractors and sub-contractors employed by, or on behalf of, the Council or any other individuals or organisations acting on behalf of the Council, have the ability and resources for effectively managing health and safety, protecting all who may be affected.

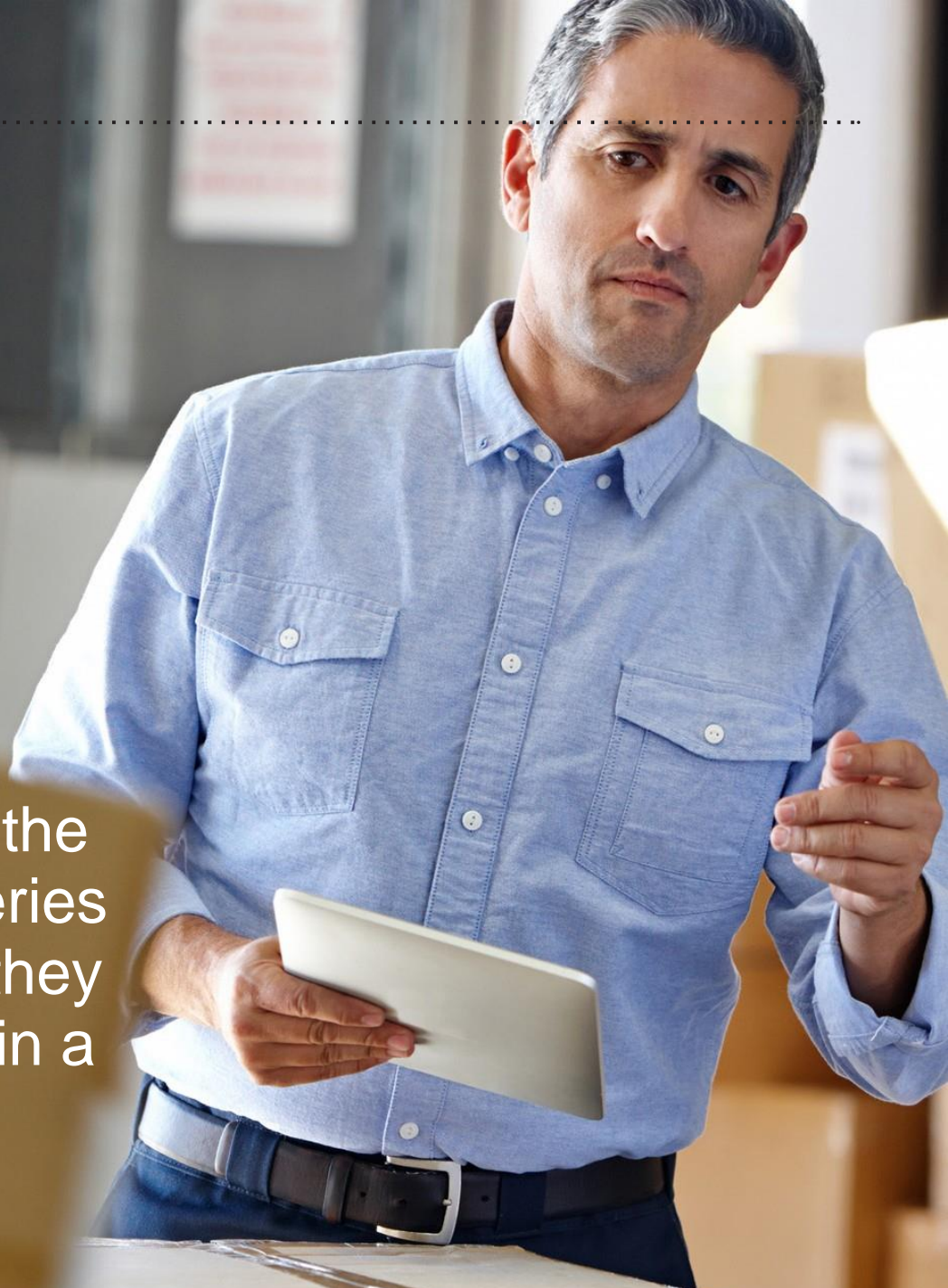
In order to determine competency of contractors prior to being offered and commencing work, either the Health and Safety Competency Assessment of Contractors or the Health and Safety Contractor Checklist must be completed in accordance with the Health and Safety for Contractors Guidance to Managers.

The responsible client officer must ensure that every contract awarded contains a provision that safe methods of work will be employed and full compliance with the health and safety legislation is expected. In addition, they should also ensure safety matters are monitored in order to ensure compliance with safe working methods and health and safety legislation. Where the contractor fails to meet the health and safety standards, suitable penalties may be instigated.

Hazardous Substances

Service Heads or a member of the Management Team engaging the contractor will ensure that all substances which require an assessment under the Control of Substances Hazardous to Health Regulations (COSHH) receive an assessment. An assessment form contained can be found on the intranet and must be completed. All control measures detailed within the assessment will be implemented and brought to the attention of those employees who may be affected.

Employees responsible for the receipt of deliveries should ensure they are carried out in a safe manner.



Asbestos

Asbestos was extensively used as a building material in the UK from the 1950s through to the mid 1980s. It was used for a variety of purposes and was ideal for fireproofing and insulation. Asbestos materials in good condition are safe unless fibres become airborne. The three main diseases caused by asbestos are mesothelioma, lung cancer and asbestosis. These diseases do not cause an illness immediately, but become evident in years to come.

The Control of Asbestos Regulations covers the prohibition of asbestos; the control of asbestos at work and asbestos licensing. In order to comply with this legislation, the Council operates an Asbestos Management Policy and associated Risk Assessment Procedure. In addition the Council carries out surveys of Council owned domestic and non-domestic premises respectively in order to demonstrate the “duty to manage” requirements of the legislation.

Legionella

Legionella bacteria is commonly encountered in environmental water sources and may eventually colonise within poorly maintained and vulnerable water systems such as, cooling towers, hot and cold water systems and other plant systems, which may use or store water. When colonisation occurs in significant numbers within a system capable of producing a water mist spray or droplets the bacteria can become airborne and be subsequently inhaled by an individual. In order to minimise the risk from Legionella, the Council has in

place a Legionella Management protocol, which clearly states arrangements that must be in place for all Council buildings to include:

- Water hygiene management plan
- Water hygiene risk assessments
- Written scheme of control
- Testing and monitoring
- Training
- Emergency procedures and actions

Personal Protective Equipment (PPE)

PPE will be issued to all employees, where a risk or COSHH assessment details this requirement. The Service Manager or member of Management Team in conjunction with the employee will ensure that PPE is:

- Appropriate for the risk/s involved
- Capable of fitting the wearer correctly
- Not affecting the state of health of the wearer

All employees should wear appropriate safety equipment for their work where provided and notify their line manager if this becomes damaged, defective or lost. The Service Head or member of Management Team should retain records in relation to the provision of PPE to include the date of issue, nature of equipment, training given in use and any date for replacement.

Manual Handling

The Manual Handling Operations Regulations apply to a wide range of manual handling activities including lifting,

All employees should wear appropriate safety equipment for their work



lowering, pushing, pulling or carrying. The load may be either inanimate, such as a box or a trolley, or animate, a person or animal. Work related Musculoskeletal Disorders (MSDs) include problems such as, low back pain, joint injuries and repetitive strain injuries of various sorts and are often associated with a manual handling operation.

Operations Regulations set no specific requirements such as weight limits, although they do establish the following:

- Avoid hazardous manual handling operations so far as is reasonably practicable, for example, by redesigning the task to avoid moving the load or by automating or mechanizing the process.
- Make a suitable and sufficient assessment of any hazardous manual handling operations that cannot be avoided.
- Reduce the risk of injury from those operations so far as is reasonably practicable, for example the provision of mechanical assistance such as a sack trolley or hoist.

All manual handling tasks with a significant risk of injury will be suitably risk assessed and control measures implemented where required and reasonably practicable in accordance with the Manual Handling Operations Regulations and the Council's generic risk assessment. Where the need for an assessment is identified, this will be carried out by the Service Heads or member of Management Team and where necessary advice will be sought through the Corporate Health and Safety Team. The assessment will cover the task, individual capability,

the load, the working environment and other factors such as PPE. Consideration will be given during any such assessment to the Health and safety Executives (HSE) Manual Handling Assessment Chart (MAC).

The MAC tool will assist in identifying high-risk manual handling operations and the completion of the risk assessment. The assessment will identify, where specific information and training on manual handling operations, injury risk and prevention is needed for employees. Completed assessments will be recorded within section 3 of the Service Site Risk Assessment Manual.

Unacceptable Behaviour

The Council will take all practical measures available to reduce the incident of unacceptable behaviour directed towards employees and those acting on its behalf during or as a result of the work activity. People may act out of character in times of trouble or distress, particularly following upsetting or distressing circumstances. The Council does not view behaviour as unacceptable just because a person is forceful or determined. However, the action of a person who is angry, demanding and/or persistent may result in unreasonable demands on the Council or unacceptable behaviour towards employees. Unacceptable behaviours include:

- Aggressive or abusive behaviour, which is not restricted to acts of aggression that may result in physical harm.
- Unreasonable demands, the use of inappropriate or threatening and offensive language in any communications be they in person or email and phone conversation.

- Unreasonable persistence where for example these are taking up an unreasonable amount of time and resources.

The Council operates an Unacceptable Behaviour Policy and Procedure. The procedure clearly states the way in which a report made by an employee will be addressed by all those with responsibility. Staff guidance notes and training is available. Training includes, customer care and quality, dealing with difficult customers and coping with aggression and violence within the workplace and is available to employees and elected members upon request or when the need is identified through a risk assessment Service Heads or a member of the Service Management Team are responsible for ensuring that employees are aware of the policy and procedure and provide appropriate support and investigation following a report of unacceptable behaviour. As part of the Unacceptable Behaviour Policy and Procedure the Council operates an “Exercise with Caution List”, which contains details of persons who have carried out acts of unacceptable behaviour towards Council employees and others acting on its behalf. The list also details persons provided through agreed third parties such as, the Police Probation Services, Social Services and Health Authority. The Exercise with Caution List can be accessed on Monty, but must be treated as highly confidential.

Lone Working

Lone workers face particular risks when carrying out work activities outside the security of Council premises. Service Heads or member of Management Team will at a minimum ensure the implementation of the control measures detailed within the Councils Lone Working Operation Procedure.

Further training, instruction and guidance notes will be provided through the Service Head or member of Management Team, particularly where employees are involved in cash handling or contentious matters. Arrangements will also be put in place by Service Heads and members of Management Team in order to ensure the protection of employees working within Council owned premises out of normal hours of opening.

Work Related Stress

Well designed, organised and managed work helps to maintain and promote individual health and well-being. Where there has been insufficient attention to job design, work organisation and management, the benefits associated with “good work” could be lost. One common result is work related stress. Work related stress means the process which arises where work demands of various types and combinations exceed an employee’s capacity and capability to cope. The Health and Safety Executives (HSE) definition of work related stress is: “The adverse reaction people have to excessive demand placed on them at work”. Staff have access to a range of support mechanisms including the Employee Assistance Program, trained mental health first aiders and regular 1-2-1 meetings where workloads can be reviewed. The Council also operates a flexible working policy to support staff with finding a work life balance.

Stress is not an illness; it is a state and a natural reaction to too much pressure. If stress becomes too excessive and prolonged, mental and physical illness may develop. Signs of stress in individuals include emotional symptoms, mental symptoms and changes in behaviour.

Everyone has a part to play, at every level of the Council, in recognising changes in behaviour, being aware that something is wrong with an individual or group and taking prompt action in dealing with work related stress.

Why Should Action Be Taken?

- Benefits to individuals, teams and the organisation
- Legal requirements
- Corporate Social Responsibility (CSR)

Policy and arrangements for dealing with stress are co-ordinated by Organisational Development. The Employee Assistance Programme (EAP) is available to all employees in order to provide confidential guidance or advice on either personal or work related issues as requested. In addition, the Council operates an Attendance Management Policy with full management and employee participation.

Working Time

The Council will comply with the relevant working time requirements. Advice can be obtained from the Corporate Health and Safety Team.

Procedures are in place to cover home visits, absentee contact, monitoring arrangements where necessary support and return to work arrangements.

Health, Work and Wellbeing

The Council through this Health and Safety Policy will contribute towards the Governments Health, Work and Wellbeing Programme, which aims to prevent people becoming injured or ill; keeping them healthy in work and providing accessible support to enable them to remain/ return to work more quickly.

Wellbeing for an Organisation Needs:

Effective leadership: Clearly communicating and leading by example to deliver the health and safety goals of the organisation.

Positive environment: Involving staff in health and safety decision making and encouraging and responding to feedback and suggestions to create an inclusive environment and promote cooperation.

Focus on health: Considering both the physical and mental health demands which staff and Elected members may face and removing, so far as is reasonably practicable, or controlling and supporting all those acting for SKDC to improve health and mental wellbeing.

South Kesteven District Council is committed to providing a safe and healthy working environment for employee's, Elected Members, service users and partners in service provision. The Council will continue to seek improvements in safety and reduction of risk through the regular review and audit of safety controls and procedures. South Kesteven District Council will ensure that all those under the charge of this policy understand their role in supporting and implementing the Councils safety culture and values. Managers must retain a signed copy of the acknowledgment and address any safety questions or concerns raised either directly or with support from Corporate Health and Safety.



Employee acknowledgement

- I acknowledge that I have read and understood the Council's Health and Safety Policy booklet.
- I have been made aware of my responsibilities and the arrangements in place ensure my health and safety whilst at work.
- I have raised the following health and safety matters with my Line Manager, which they will address as appropriate:

A large, empty rounded rectangular box with a thin black border, intended for the employee to write down the health and safety matters they have raised with their Line Manager.

Induction checklist completed:

Health and Safety for employees or equivalent attended:

Employee Name: **Signature:**

Line Manager Name: **Signature:**

Business:

Service Head/ Management Team Name:

Date:

South Kesteven District Council
The Picture House
St Catherine's Road
Grantham
Lincolnshire
NG31 6TT

Office Number: 01476 406 555
Health and Safety and Emergency Planning Manager:
Philip Swinton
phil.swinton@southkesteven.gov.uk



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SOUTH
KESTEVEN
DISTRICT
COUNCIL



Governance and Audit Committee

24 January 2024

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

LeisureSK Limited – Board of Directors

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 consider a recommendation from the Culture and Leisure Overview and Scrutiny Committee regarding a 'Vote of No Confidence' in the Board of Directors.

The Governance and Audit Committee is also requested to consider making appointments to the Board of Directors further to the resignations of Councillor James Denniston, Councillor Charmaine Morgan and South Kesteven District Council Corporate Director Nicola M^cCoy-Brown.

Recommendations

That the Governance and Audit Committee:

1. Considers a 'Vote of No Confidence' in the Board of LeisureSK Ltd recommended by the Culture and Leisure Overview and Scrutiny Committee.
2. Considers making appointments to the Board of Directors on LeisureSK Limited to vacancies on the Board.

3. **Recommends an amendment to the Council’s Constitution, for clarity, to include the removal of Directors of Council-owned Companies under the terms of reference of the Council’s Governance and Audit Committee.**

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

- 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 or Statutory Officers of the Council are not appointed as Directors of Council-owned companies given their roles on ‘Council-side’ decision-making and the personal responsibilities Statutory Officers hold in the interests of the authority.
- 1.3 The Articles of Association for LeisureSK Ltd provide the Council with the ability to appoint and remove Directors from its Board. The Council’s Constitution is silent on the removal of Directors to Council-owned companies, with provision for appointments being included within the terms of reference for the Governance and Audit Committee. There is currently no alternative provision in the Constitution to remove Directors, which is contradictory to the Articles of Association for LeisureSK Limited. Given that the Governance and Audit Committee has the power to appoint Directors, it is reasonable to expect that the Governance and

Audit Committee also has the power to remove Directors in accordance with the Articles of Association for LeisureSK Limited. To ensure clarity, the Committee is recommended to consider rectifying this in the Council's Constitution.

- 1.4 The requirements of the Companies Act 2006 in respect of company Directors is set out in the body of the report.

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

2. Background to the Report

- 2.1 Three vacancies have recently arisen on the Board of the Council-owned company, LeisureSK Limited, in addition to a vacancy which has not been filled by the South Kesteven Coalition Group since the beginning of the municipal year. The Governance and Audit Committee is requested to consider making appointments to fill these vacancies.
- 2.2 The Governance and Audit Committee is also invited to consider a 'Vote of No Confidence' in the existing Board of LeisureSK Ltd from the Culture and Leisure Overview and Scrutiny Committee.

3. Key Considerations

- 3.1 Councillors James Denniston, Charmaine Morgan and Nicola M^cCoy-Brown have resigned from the Board of LeisureSK Limited. Debbie Roberts (The Council's Head of Corporate Projects, Performance and Climate Change), who was only appointed to the Board on 29 November 2023, and David Monkhouse (Non-Executive Director) continue to oversee the operational and financial performance of the company as existing Directors. The Company is currently quorate in accordance with the provisions of the Companies Act 2006 and its own Articles of Association, which specify that at least one Director must be appointed to the Board. The quorum for meetings of Directors, where decisions can be taken relating to the Company, is two Directors.
- 3.2 A vacancy for a Councillor from the South Kesteven Coalition Group was still in place at the last meeting of the Governance and Audit Committee. At that meeting, a period of two weeks was provided in order for the vacancy to be filled by the SK Coalition Group via delegated authority granted to the Group Leader earlier in the year. No appointment from the South Kesteven Coalition Group was made during this period, so this vacancy remains on the Board, together with the three further vacant Director positions. This means that there are currently four vacancies on the Board.
- 3.3 The Governance and Audit Committee is therefore invited to consider any nominations for appointment to the Board of LeisureSK Limited.
- 3.4 The Council's Culture and Leisure Overview and Scrutiny Committee considered an item on LeisureSK Limited at its meeting on 9 January 2024 and agreed to

submit a 'vote of no confidence' in the Board to the Governance and Audit Committee. This was in response to a request for an additional management fee from the Council and concerns regarding the company's management and performance. The Governance and Audit Committee is invited to give due consideration to the 'Vote of No Confidence'.

- 3.5 It should be noted that James Denniston resigned from the Board prior to the Cultural and Leisure Overview and Scrutiny Committee's 'Vote of No Confidence', whereas Councillor Charmaine Morgan and Nicola M^cCoy Brown confirmed their resignations subsequent to the Overview and Scrutiny Committee.
- 3.6 Under the Companies Act 2006 a private company must have at least one Director. The Articles of Association for LeisureSK Ltd also specify that the minimum number of Directors for the company is one, however, a quorum for any Directors' meetings is two. In circumstances whereby a quorum cannot be achieved for a meeting of Directors, no decisions can be taken by the Directors of the company.
- 3.7 Should the Governance and Audit Committee take a decision to remove all Directors from the LeisureSK Ltd Board without appointing at least one Director in their place, the company will be in breach of some of the provisions of the Companies Act 2006 relating to Directors. This would make it extremely difficult for the company to be able to operate, with no Directors in place to manage the company's day to day affairs. The company would also be unlikely to be able to comply with any of its contractual or statutory obligations.
- 3.8 A company with no Directors would therefore be in breach of the Companies Act 2006 and the Secretary of State could make a direction under Section 156 of the Act. The direction would specify:
- The statutory requirement the company appears to be in breach of;
 - What the company must do in order to comply with the direction;
 - The period within which the company must comply with the direction;
 - The consequences of the company failing to comply with the direction.
- 3.9 It should be noted that the Council's Statutory Officers would not automatically take over responsibility for the company should no Directors be appointed and it is strongly recommended that they do not intervene in the company.

4. Other Options Considered

- 4.1 The Governance and Audit Committee could opt not to make further appointments to the Board of LeisureSK Limited.
- 4.2 The Governance and Audit Committee could remove Directors from the Board of LeisureSK Limited. In such a scenario, the Committee is strongly recommended to ensure that a sufficient number of replacement Directors are appointed to ensure that the company is quorate and not in breach of the Companies Act 2006.

5. Reasons for the Recommendations

- 5.1 To ensure that LeisureSK Limited is properly constituted in terms of Board membership in order that it is quorate, can take decisions and operate in accordance with the Companies Act 2006 and its Articles of Association.

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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
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.
Counter Fraud Framework 2024/2026	A report on The Counter Fraud Framework 2024/2026.	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.
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.
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.

Item	Current Issues/Status	Outcome Sought
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		