

# Governance and Audit Committee



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL



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Wednesday, 13 March 2024 at 2.00 pm  
Council Chamber - Council Offices, St. Peter's Hill,  
Grantham. NG31 6PZ

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**Committee** Councillor Tim Harrison (Chairman)  
**Members:** 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

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## 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 24 January 2024.** (To Follow)
- 4. Updates from previous meeting** (Page 5)  
To consider updates on Actions agreed at the meeting held on 24 January 2024.
- 5. Internal Audit Progress Report** (Pages 7 - 70)  
To consider an update from Internal Audit.
- 6. Strategic Risk Register** (Pages 71 - 87)  
To provide an update on the Council's Strategic Risk Register.

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Published and dispatched by [democracy@southkesteven.gov.uk](mailto:democracy@southkesteven.gov.uk) on Tuesday, 5 March 2024.

☎ 01476 406080

**Karen Bradford, Chief Executive**

[www.southkesteven.gov.uk](http://www.southkesteven.gov.uk)

- 7. Safeguarding Report: 2022/2023** (Pages 89 - 102)  
 In accordance with Article 10 (Regulatory Framework – xxiii) of the Constitution, this report presents to the Governance and Audit Committee the Annual Report on Safeguarding. The report provides an overview of the Council’s involvement in the safeguarding of children, young people and vulnerable adults for 2022/2023.
- 8. Quarter 3 Treasury Monitoring Report** (Pages 103 - 110)  
 This Council is required by regulations issued under the local Government Act 2003 to produce regular reports on treasury and debt management operations during the financial year. This report meets the requirements of the CIPFA Code of Practice on Treasury Management (the Code).
- 9. 2024 Update on the Planning Review undertaken in 2021 and Action Plan** (Pages 111 - 122)  
 This report updates the Governance and Audit Committee on the actions undertaken following a 2021 review of the Planning Service.
- 10. 2023/24 Accounting Policies and publication date of the Statement of Accounts** (Pages 123 - 140)  
 The Council’s Accounting Policies are reviewed annually, prior to the preparation of the Statement of Accounts, to ensure that they are up to date and in line with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (The Code).  
  
 In line with the Committee’s terms of reference it is a requirement that the proposed policies are reported prior to the production of the Statement of Accounts.
- 11. Proposed amendments to the Council's Constitution** (Pages 141 - 145)  
 This report provides the Governance and Audit Committee with an opportunity to consider proposed amendments to the Council's Constitution and make any recommendations to Full Council for approval.
- 12. Complaints Statistics: April 2022 to February 2024** (Pages 147 - 160)  
 To present the complaints statistics for the period April 2022 to February 2024.
- 13. Whistleblowing Audit Update** (Pages 161 - 186)  
 To update committee on the completion of the actions agreed as part of the Whistleblowing Audit completed by Assurance Lincolnshire and to present the findings of the Sale of Oil audit completed by Duncan and Toplis.  
  
 Appendices 1 and 2 are exempt under Section 100(a)(4) of the Local Government Act 1972; paragraph 2 of Schedule 12A of the Act. The press and public may be excluded from the meeting during consideration of Appendices 1 and 2, on the grounds that if they were to be present, exempt information could be disclosed to them.
- 14. LeisureSK Limited - Board of Directors** (Pages 187 - 189)  
 The Governance and Audit Committee is invited to consider making appointments to the Board of Directors further to the resignation of Councillor Steve Cunnington from the Board since the Committee’s last meeting.

- 15. Access to Information Working Group** (Verbal Report)  
Full Council agreed to establish an Access to Information Working Group at their meeting held on 29 February 2024.
- 16. Work Programme 2024-2025** (Pages 191 - 193)  
To consider the Committee's Work Programme for the year ahead.
- 17. Any other business, which the chairman, by reasons of special circumstances, decides is urgent.**

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# Action Sheet

To provide members with an update on actions agreed at the 24 January 2024 meeting of the Governance and Audit Committee.

| Min no. | Agenda Item             | Action(s)   | Assigned to        | Comments/status | Deadline |
|---------|-------------------------|---|--------------------|-----------------|----------|
| 60      | External Audit Findings | Councillor Peter Stephens asked to see a table of the external audit fee for the past five years. The Deputy Director of Finance stated that that number would be contained in a later agenda item and that she would arrange for a table to be produced and shared with the Committee members. | Alison Hall-Wright | Alison to send  |          |

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# South Kesteven District Council

## Internal Audit Progress Report

13 March 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.

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING





# Contents

|   |   |    |
|---|---|----|
| 1 | Key messages .....  | 3  |
| 2 | Reports .....   | 4  |
|   | Appendix A – Progress against the internal audit plan 2023/24 ..... | 7  |
|   | Appendix B – Other matters .....                                    | 9  |
|   | Appendix C - Key performance indicators (KPIs).....                 | 10 |

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# 1 Key messages

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



Five reports have been issued as final since the last committee meeting in line with our planned timings outlined in Appendix A. These are Food Safety Management (3.23/24), Governance (4.23/24), Recruitment and Retention (5.23/24), Cyber Treatment Plan (6.23/24), and Risk Management (8.23/24), details can be found in section two below.



The draft report for Responsive Repairs has been issued and is awaiting final management responses and approval. The remaining audits have been completed or are in the process of being conducted.

## 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 |
| <p><b>Food Safety Management (3.23/24)</b></p> <p><u>Objective of review:</u></p> <p>We will review and assess compliance with the Food Safety Management requirements for food hygiene inspections and consistency of ratings under the Food Hygiene Scheme.</p> <p><u>Overall assurance rating and management actions:</u></p> <p>Overall our review confirmed that there was an appropriate control framework in place which was being complied with in practice. Staff have received training for completing the required inspections, and inspections are carried and recorded within the Flare system. However, our review identified areas for improvement including ensuring inspections are conducted in line with the required frequencies set out by their risk levels.</p> <p>This resulted in the agreement of three low priority management actions.</p> |                | 0              | 0 | 3 |
| <p><b>Governance (4.23/24)</b></p> <p><u>Objective of review:</u></p> <p>This review will confirm that governance meetings are being conducted in line with defined schedules and that each meeting has an up to date Terms of Reference, each meeting is quorate, and timelines for agendas and minutes are being adhered to.</p> <p><u>Overall assurance rating and management actions:</u></p>  |                | 0              | 0 | 1 |

10



| Assignment | Opinion issued | Actions agreed |   |   |
|------------|----------------|----------------|---|---|
|            |                | H              | M | L |

Overall our review confirmed that there was an appropriate control framework in place for the governance functions within the Council, and these had been clearly laid out within the Constitution. Meetings are conducted in line with the required frequencies and actions are followed up at the next meeting. However, our review identified one area for improvement relating to conducting annual self-assessments at each committee.

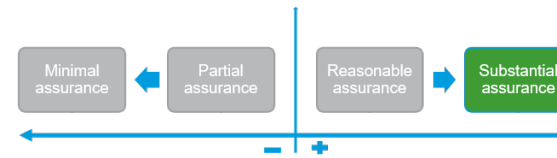
This resulted in the agreement of one low priority management action.

**Recruitment and Retention (5.23/24)**

0 0 3

Objective of review:

This review will assess the processes in place for how the Council recruit and retain key staff to ensure that these processes are effective and being complied with in practice.



Overall assurance rating and management actions:

Overall our review confirmed that there was an appropriate control framework in place within the Council. The various activities outlined within the recruitment policy are being undertaken. However, our review identified areas where enhancements are required or controls are not being consistently adhered to in relation documenting training attendance, fully completing staff requisition forms, and retaining interview decision documents.

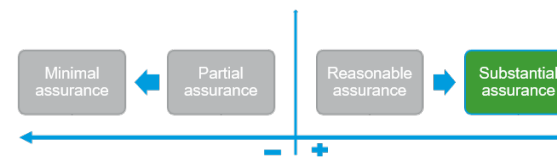
This resulted in the agreement of three low priority management actions.

**Cyber Treatment Plan (6.23/24)**

0 0 1

Objective of review:

We will assess the progress made towards the completion of the actions within the Cyber Treatment Plan.



Overall assurance rating and management actions:



| Assignment | Opinion issued | Actions agreed |   |   |
|------------|----------------|----------------|---|---|
|            |                | H              | M | L |

Our testing found that 31 of the 32 actions had been correctly implemented or superseded in line with the initial action set by DLUHC and this is accurate to what was being reported to the Finance and Economic Overview and Scrutiny Committee. We noted that one action was partially implemented, and for two further actions, although completed as per the DLUHC action, additional improvements could still be made to enhance the control environment.

We have agreed one low priority management action to complete the remaining action and to consider the other two areas for further improvements.

**Risk Management (8.23/24)**

Advisory

9 Recommendations

Objective of review:

This review will assess the progress the Council has made with risk management to the date of the audit, and provide advisory input with regards to future improvements and good practice which can be incorporated.

Conclusion

Our review identified that although there is a Risk Management Framework in place, through the implementation of the recommendations identified within this report, this could be further improved to ensure that there is a fully embedded effective risk management process in place.

As a result of this advisory review we have noted nine recommendations.

We have provided examples of best practice to management with regards to creating an assurance framework and the three lines of assurance.

12

## 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 Safety Management    | Final Report Issued – Substantial Assurance | 3                 | 0 | 0 | March 2024                            | March 2024                            |
| Recruitment and Retention | Final Report Issued – Substantial Assurance | 3                 | 0 | 0 | March 2024                            | March 2024                            |
| Governance                | Final Report Issued – Substantial Assurance | 1                 | 0 | 0 | March 2024                            | March 2024                            |
| Responsive Repairs        | Draft Report Issued                         |                   |   |   | March 2024                            | -                                     |
| Cyber Treatment Plan      | Final Report Issued – Substantial Assurance | 1                 | 0 | 0 | March 2024                            | March 2024                            |
| Risk Management           | Final Report Issued – Advisory              | 9 Recommendations |   |   | June 2024                             | March 2024                            |
| Payroll                   | Fieldwork Completed                         |                   |   |   | June 2024                             | -                                     |
| Section 106 Agreements    | Fieldwork Underway                          |                   |   |   | June 2024                             | -                                     |



| Assignment               | Status / Opinion issued | Actions agreed |   |   | Target Audit and Governance Committee | Actual Audit and Governance Committee |
|--------------------------|-------------------------|----------------|---|---|---------------------------------------|---------------------------------------|
|                          |                         | L              | M | H |                                       |                                       |
| Purchasing and Creditors | Fieldwork Completed     |                |   |   | June 2024                             | -                                     |
| Follow Up 2              | Fieldwork Underway      |                |   |   | June 2024                             | -                                     |



## Appendix B – Other matters

### Changes to the audit plan

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

There have been no changes to the internal audit plan.

### 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  | 6 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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17

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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 – FOOD SAFETY MANAGEMENT

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

A Food Safety Management audit was conducted to assess compliance with internal policies and procedures for the inspection of relevant businesses for their compliance with Food Law Code of Practice. This included ensuring that inspections had been conducted in line with the frequencies stipulated by their risk level, ensuring that any follow up inspections or actions had been completed and that staff conducting the inspections had the required training.

The Council require assurance in this area as there is a health and safety risk to individuals who order food or eat at the food outlets, and therefore the public needs assurance that the Council are ensuring these outlets are fit to serve food. The Council have authority to enforce improvements including Hygiene Improvement Notices (HIN) and therefore sufficient documentation is required to be maintained by the Council to support any enforcement action. During the year, a total of seven HINs had been issued to businesses.

Food Safety Management is the responsibility of the Environmental Health Department, led by the Environmental Health – Commercial Team Leader, with the Flare system acting as a central repository for all documentation relating to inspections and actions.

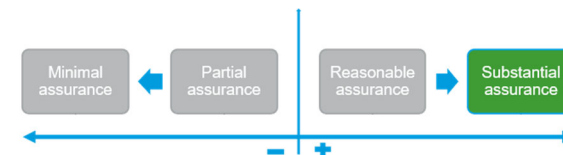
## Conclusion

Overall our review confirmed that there is an appropriate control framework in place which is being complied with in practice. Staff have received training for completing the required inspections, and inspections are carried and recorded within the Flare system. However, our review has identified areas for improvement including ensuring inspections are conducted in line with the required frequencies set out by their risk levels.

This has resulted in the agreement of three low priority management actions. 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 substantial assurance that the controls upon which the Council relies to manage this area are suitably designed, consistently applied and effective.



## Key findings

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



Authorised Officers hold qualifications to ensure that they are trained to complete inspections in line with the Food Law Code of Practice. Testing of five officers confirmed that in four instances they held appropriate qualifications and had conducted a minimum of 20 hours CPD in the current year. The remaining staff member was a Technical Support Officer and therefore did not require qualifications.



Inspections are allocated by the Environmental Health – Commercial Team Leader on a quarterly basis and this was confirmed through review of the Allocation Sheet which documented the Authorised Officers assigned to the inspection, last inspection date and the business risk rating score.



Testing of five risk rating changes confirmed that the inspection report had been completed in full, the change was approved by the Environmental Health – Commercial Team Leader and supporting notes were documented on the Flare system.



Where the Authorised Officer has deemed there to be poor safety management at the premises, they recommend improvement action such as revisits or action plans. Testing of three premises with risk ratings of two (improvement is necessary) confirmed in one instance revisits had taken place, and the remaining two had been scheduled for January 2024.



Hygiene Improvement Notices (HIN) can be issued in instances of poor compliance with the Food Hygiene Regulation. We conducted a walkthrough of one premise in receipt of a HIN and confirmed that the Enforcement Compliance Form was completed by the Authorised Officer and reviewed by the Team Leader as approval. A reinspection was subsequently conducted and confirmed the condition had improved.



Food complaints to be investigated can be submitted by a member of the public direct to the Council. Testing a sample of 10 complaints confirmed that in nine instances the complaint was investigated and closed with notes and evidence maintained on the system. The remaining complaint came from an anonymous complainant so could not be responded to, and the complaint was regarding a process which was not mandatory to be followed by the premises.



The Commercial Team meet on a monthly basis to discuss the food safety inspections and provide work updates across the Council which was confirmed for three months of this year through review of meeting minutes.

Details of the three low priority management actions are included below.

## 2. 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: Policies and Procedures  |  |                    |  |               |   |                   |   |
|--------------------------------|--|--------------------|--|---------------|---|-------------------|---|
| <b>Control</b>                 | <p>The Council use the Food Law Code of Practice as the guideline document, to ensure that the Council is acting in line with related food safety and hygiene regulations.</p> <p>The Council also has a series of internal procedures in place, which set out the inspection processes carried out by the Food Safety Management Team.</p>  |                    |  |               |   |                   |   |
|                                | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;"><b>Assessment:</b></td> <td></td> </tr> <tr> <td><b>Design</b></td> <td style="text-align: right;">✓</td> </tr> <tr> <td><b>Compliance</b></td> <td style="text-align: right;">x</td> </tr> </table>  | <b>Assessment:</b> |  | <b>Design</b> | ✓ | <b>Compliance</b> | x |
| <b>Assessment:</b>             |  |                    |  |               |   |                   |   |
| <b>Design</b>                  | ✓  |                    |  |               |   |                   |   |
| <b>Compliance</b>              | x  |                    |  |               |   |                   |   |
| <b>Findings / Implications</b> | <p><b>Food Law</b></p> <p>The Food Law Code of Practice gives instructions that local authorities must consider when enforcing food law. Local authorities need to follow and implement the relevant sections of the Code that apply. Areas of the Code include:</p> <ul style="list-style-type: none"> <li>• Administration, liaison and coordination: including administrative arrangements of food business and authorities' general obligations on food controls;</li> <li>• Authorisation, qualifications, and competency: it outlines the qualifications and competency requirements for officers undertaking official food controls, and any other activities related to these; and</li> <li>• Enforcement Policy: including requirement to revisit regarding food hygiene.</li> </ul> <p><b>Internal Procedures</b></p> <p>We also noted that there were 26 internal procedures in place, which provide the Council with work instructions around food safety management which relate to the Food Law Code of Practice. We obtained the internal procedures, and through review we confirmed that they provided detailed work instructions on the following areas around food business and food safety management, but not limited to:</p> <ul style="list-style-type: none"> <li>• Procedure for dealing with requests regarding details of registered food businesses: this document was last reviewed by the Environmental Health – Commercial Team Leader on 18 October 2023;</li> <li>• Procedure for Food Registration and Closure of Business: this document was last reviewed by the Environmental Health – Commercial Team Leader on 7 January 2021;</li> <li>• Food Intervention: this document was last reviewed by the Environmental Health – Commercial Team Leader on 15 December 2022;</li> <li>• Food Stuff Complaints: this document was last reviewed by the Environmental Health – Commercial Team Leader on 6 November 2023;</li> <li>• Hygiene Improvement Notices: this document was last reviewed by the Environmental Health – Commercial Team Leader on 18 October 2023;</li> <li>• Food Prosecution: this document was last reviewed by the Environmental Health – Commercial Team Leader on 26 September 2023;</li> </ul> |                    |  |               |   |                   |   |

### Area: Policies and Procedures

- Through review of procedure for identifying inspections and allocating to officers, we noted that it was last reviewed in June 2017; and
- Through review of the internal procedure for for dealing with food products and food premises complaints, we noted that it does not set out the procedures for reporting a food complaint by online Complaint Form and contacting the Authorised Officer.

Through review of the staff shared drive, we confirmed that the procedures were made available to all staff to access. We also confirmed that these processes documented were reflective of the processes carried out by the Food Safety Management Team.

Due to the pandemic there has been a delay in the reviewing and updating of some of the procedures to reflect the current practices in the Council and remain up to date with the Food Law Code of Practice. Currently, the Environmental Health – Commercial Team Leader is reviewing the internal procedures and adding in details where appropriate, and there is a tracker to monitor the review progress. We obtained the file tracker and confirmed this.

However, without policies or procedures being updated. there is a risk that the Council are using outdated documents which may lead to a failure of complying with current laws and regulations, and the staff may follow incorrect procedures around food safety management.

|                            |  |  |                               |                                |
|----------------------------|--|--|-------------------------------|--------------------------------|
| <b>Management Action 1</b> | Management will continue to review all internal procedures related to food safety management and will also add in more relevant details where appropriate and maintain these documents up-to-date. | <b>Responsible Owner:</b><br>Environmental Health – Commercial Team Leader | <b>Date:</b><br>31 March 2024 | <b>Priority:</b><br><b>Low</b> |
|----------------------------|--|--|-------------------------------|--------------------------------|

### Area: Addition and Closure

|                |   |                    |   |
|----------------|---|--------------------|---|
| <b>Control</b> | The Technical Support Officer (TSO) is responsible for the registration and administration of new food businesses. The new business is required to complete a Food Registration Form, which is approved by the TSO and is added to the Council's food register system, Flare.<br><br>Businesses can contact the Authorised Officers and Customer Service Centre to report the closure of a business. Once it is confirmed, the property is inspected to confirm it has ceased trading and then both the Authorised Officers and the TSO can close the business in Flare system. | <b>Assessment:</b> |   |
|                |   | <b>Design</b>      | ✓ |
|                |   | <b>Compliance</b>  | × |

|                                |   |
|--------------------------------|---|
| <b>Findings / Implications</b> | <p><b>Additions</b></p> <p>Through discussion with the Environmental Health – Commercial Team Leader, we noted that the Technical Support Officer (TSO) is responsible for the registration and administration of new food business. Through review of the internal procedure for Food Registration and Closure of Business, we noted that it sets out the following procedures for new business registration:</p> <ul style="list-style-type: none"> <li>• Food business operators must provide the Council with full details of the activities when registering their establishments by completing an online Food Registration form. Through review of Council website, we confirmed that the link of the form is displayed and accessible to all users.</li> </ul> |
|--------------------------------|---|

## Area: Addition and Closure

- When a food business registers on the online system, an email notification is generated and sent to the Council's email inbox along with a summary of the registration. After the TSO reviewing the registration and confirming that the form has been filled in correctly, a copy of the form is added to the Flare system.

We obtained a report of new businesses registered since 1 April 2023 and selected five for review. We obtained the Food Registration Form and reviewed the record in the Flare system, to test and confirm that the addition was made appropriately by an authorised person, with all supporting documents in place. Through sample testing, we noted that, in all five cases, the Food Registration Form was in place and attached to the Flare system by the TSO. The address and date of registration on the Food Registration Form was in line with the record in Flare. In addition, we also confirmed that the registration was processed and added to the system within 28 days.

### Closure

Through discussion with the Environmental Health – Commercial Team Leader, we noted that a business is not removed from the Flare system, instead, it is marked as 'Closed'. When a business is closed down by the business owner, and the record needs closing down on the Flare system:

- Business owners can contact Authorised Officers to report a closure of a business. Once it is confirmed either through correspondence with the business or inspection that a business ceases trading, the Authorised Officer can close down the business in the Flare system, with supporting notes recorded in the system;
- Business owners can also contact the Customer Service Centre to report a closure of a business, which is then transferred to the TSO for further review. The TSO assigns one Authorised Officer to investigate and contact the business. Once it is confirmed that a business ceases trading, both the Authorised Officers and the TSO can close the business in the Flare system; and
- Authorised Officers can close down a business after an inspection has been conducted and they confirm it has ceased trading.

However, through review of the internal procedure for Food Registration and Closure of Business, we noted that it does not set out the procedures for a business owner contacting Authorised Officers to report a closure and the Authorised Officer closing down the business upon an inspection. Without an up-to-date procedure, there is a risk that staff may follow incorrect procedures when closing down a food business. This was covered by the action raised in the previous finding.

We obtained a report of businesses that have been closed in the Flare system since 1 April 2023 and selected five for review. We reviewed the record in the Flare system and supporting notes, to test and confirm that the closure had been made appropriately by an authorised person. Through sample testing, we noted the following:

- In one out of five instances, the business owner reported to the Customer Service Centre that the business was closed. The date of closure was recorded in the Flare system, however, there was no supporting notes in place.
- We noted that it was a high profile local business, and it is a known fact that the business ceased trading. Through review of the system, we confirmed that the TSO closed the business;

## Area: Addition and Closure

- In one out of five instances, the business owner reported to the Customer Service Centre that the business was closed. The date of closure was recorded in the Flare system, with supporting notes documented. The Authorised Officer tried to contact and inspect the business, but there was no response. Through review of the system, we confirmed that the TSO closed the business, which was agreed by the Team Leader;
- In one out of five instances, the Authorised Officer closed a business after the inspection was conducted. The date of closure was recorded in the Flare system, with supporting notes documented. The Authorised Officer sent a letter to the business and tried to visit, but there was no response. Through review of the system, we confirmed that the TSO closed the business, which was agreed by the Team Leader; and
- In two out of five instances, the business owner contacted the Authorised Officer to report a closure of a business. The date of closure was recorded in Flare system, with supporting notes documented. The Authorised Officer inspected the business and it had ceased trading. Through review of the system, we confirmed that the Authorised Officer closed the business, which was agreed by the Commercial Team Leader.

However, without a supporting note in place, the reason of closure remains unclear and therefore the business may have been closed in error and therefore future inspections will not be conducted.

|                            |  |  |                               |                                |
|----------------------------|--|--|-------------------------------|--------------------------------|
| <b>Management Action 2</b> | Management will ensure that for the business closed down in the Flare system, the supporting notes or reasons are clearly documented. Management will also remind staff of the importance to ensure all supporting notes are maintained in the system. | <b>Responsible Owner:</b><br>Environmental Health – Commercial Team Leader | <b>Date:</b><br>31 March 2024 | <b>Priority:</b><br><b>Low</b> |
|----------------------------|--|--|-------------------------------|--------------------------------|

## Area: Inspection Frequencies

|                |  |                     |
|----------------|--|---------------------|
| <b>Control</b> | The inspection of businesses is conducted in line with the risk rating, which is in accordance with the Food Law Code of Practice. | <b>Assessment:</b>  |
|                |  | <b>Design</b> ✓     |
|                |  | <b>Compliance</b> × |

**Findings / Implications** Through discussion with the Environmental Health – Commercial Team Leader, we noted that, in accordance with the Food Law Code of Practice, at each inspection, a risk score is given to each business to determine the frequency of inspection. The risk rating is based on assessment of several elements, including type of food and processing, number and type of consumers potentially at risk; current compliance, risk of contamination, and confidence in management.

The risk rating is categorised as follows:

- Category A: inspection should be conducted at least every six months;

## Area: Inspection Frequencies

- Category B: inspection should be conducted at least every 12 months;
- Category C: inspection should be conducted at least every 18 months;
- Category D: inspection should be conducted at least every 24 months; and
- Category E: inspection should be conducted at least every three years.

Review of the Food Law Code of Practice also confirmed inspections should receive an inspection no later than 28 days after the required frequency.

We selected 10 businesses from the Council's Inspection Report dated 1 April 2023 to 29 November 2023. We tested to confirm that the inspections were conducted in line with the agreed frequencies based on the risk rating, and all supporting documentation had been maintained appropriately. Our testing confirmed the following:

- In four of ten samples reviewed, inspections were not conducted in line with the agreed frequencies based on the risk rating. In addition, the inspections were conducted more than 28 days after the due intervention date. All inspection reports had been maintained.
- In two of ten samples reviewed, inspections were not conducted in line with the agreed frequencies based on the risk rating. However they were conducted within 28 days after the agreed frequencies based on the risk rating and this is in line with the code.
- In four of ten samples reviewed inspections were conducted in line with the agreed frequencies based on the risk rating.
- In all ten samples reviewed inspection report forms were completed in full, signed by the Inspection Officer and business owner.
- In one instance the risk band provided in the inspection report was incorrect. Discussions with the Council confirmed this was a clerical error and once identified, we confirmed the Commercial Team Leader had amended this and rectified the risk band.

For the four inspections conducted outside of the required window we confirmed that these were not deemed high risk as there most recent hygiene ratings were good and the team were at the time responding to more high priority matters such as a fatal workplace accident, a prosecution case and had one role vacant. Therefore the overall risk here has been deemed low.

Without conducting inspections in line with the agreed frequencies with no reasonable or documented explanation, there might be a failure of identifying any potential food safety issues due to delay of inspection.

Without correctly documenting the risk band, it causes error when allocating work and there might be a failure of conducting the next inspection in line with agreed frequencies.

|                            |  |  |                               |                                |
|----------------------------|--|--|-------------------------------|--------------------------------|
| <b>Management Action 3</b> | Management will ensure that for inspections completed more than 28 days after the due date, reasons for the delay will be documented on the system. Management will remind staff of the inspection frequencies to ensure they are in line with the risk band associated and that all dates match on the inspection report. | <b>Responsible Owner:</b><br>Environmental Health – Commercial Team Leader | <b>Date:</b><br>31 March 2024 | <b>Priority:</b><br><b>Low</b> |
|----------------------------|--|--|-------------------------------|--------------------------------|

# EXECUTIVE SUMMARY - GOVERNANCE

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

A governance audit was conducted to confirm that governance meetings are being conducted in line with defined schedules and that each meeting has an up to date Terms of Reference, each meeting is quorate, and timelines for agendas and minutes are being adhered to. These are all aspects of good governance, set out within the Council's Constitution and is a key element to the Head of Internal Audit Opinion which is provided each year. This review also considered whether each committee is appropriately discharging their duties and conducting their roles and responsibilities laid out with in the Terms of Reference. Testing focused on the following committees:

- Governance and Audit Committee;
- Licensing Committee;
- Planning Committee;
- Standards Committee; and
- Finance and Economic Overview and Scrutiny Committee.

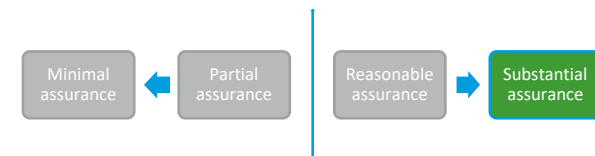
The Assistant Director (Governance and Public Protection) and Monitoring Officer is responsible for overseeing the governance functions within the Council.

## Conclusion

Overall our review confirmed that there is an appropriate control framework in place for the governance functions within the Council, and these have been clearly laid out within the Constitution. Meetings are conducted in line with the required frequencies and actions are followed up at the next meeting. However, our review has identified one area for improvement relating to conducting annual self-assessments at each committee. This has resulted in the agreement of one low priority management action. Detail of this can be found in section two of the report.

### Internal audit opinion:

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



## Key findings

### We identified the following findings:



The Council's Constitution is maintained up to date and is available via the Council website. This includes details of each committee and was last updated in November 2023.



Part three of the Constitution outlines the delegated functions of each committee as required. This was confirmed through review of the document and we confirmed these were up to date and reflective of current practices.



The Terms of Reference for each committee we tested (where required) were confirmed to be up to date and outlined the key elements to be covered by the committee.



The Council utilises a timetable which details when reports are to be submitted, additionally the timetable is used to incorporate reporting deadlines with individual committee work programmes. Walkthrough of meeting minutes from the Governance and Audit Committee, Finance and Economic Scrutiny Committee and the Standards Committee confirmed that decisions were in line with the Terms of Reference or work programme.



Testing of the five committees confirmed that meetings were being conducted in line with the defined frequencies. These timeframes matched to the 2023/24 meeting schedule.



Testing of the Governance and Audit Committee, and the Finance and Economic Scrutiny Committee for three meetings confirmed that actions were documented and followed up at the next meeting. The Standards Committee is a new meeting and therefore could not be tested for this, and the remaining two committees did not have any required actions to follow up.



Sample testing of six key decisions across these committees confirmed that in all instances scrutiny of the decisions was provided and documented within the meeting minutes. Each of these key decisions also had scrutiny provided by Cabinet.



Testing a sample of 10 members confirmed that each member had completed their annual declaration of interests within the preceding 12 months. These declarations were also included on the Council's website.

**Details of the low priority management action is included below.**

## 2. 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: Annual Self-Evaluation   |   |   |                                   |                                |
|--------------------------------|---|---|-----------------------------------|--------------------------------|
| <b>Control</b>                 | <i>Partially Missing Control</i><br>The Governance and Audit Committee and the Finance and Economic Scrutiny Committee undertake a self-assessment of performance each year and produces an annual report.<br>The remaining committees do not conduct this process.   | <b>Assessment:</b>  |                                   |                                |
|                                |   | <b>Design</b>   |                                   | x                              |
|                                |   | <b>Compliance</b>   |                                   | -                              |
| <b>Findings / Implications</b> | <p>Through discussions with the Assistant Director (Governance and Public Protection) and the Monitoring Officer, it confirmed that among the tested committees, the Governance and Audit Committee and the Finance and Economic Scrutiny Committee, are both required to undergo annual self-assessments. The Standards Committee, being newly established, and the Planning and Licensing Committees, governed by legislation, do not partake in self-evaluations. The annual self-assessments are integral components of the committees' reporting procedures.</p> <p>Upon examination of the Governance and Audit Committee's annual report, it was established that the evaluation process involves a review of the committee's annual and indicative work plan and timetable. This analysis enables the committee to gauge its performance and accomplishments over the preceding 12 months, illustrating an accurate understanding of its operational effectiveness.</p> <p>The Finance and Economic Scrutiny Committee's receive a KPI report twice per year, however, this is in relation to the service areas under its responsibility as opposed to reflecting upon how it is operated over the year. The Finance and Economic Scrutiny Committee did not have an annual report produced for 2022/23, however, this will be conducted for the 2023/24 municipal year.</p> <p>Moving forwards, all five Overview and Scrutiny Committees will have an annual produced. The Council will incorporate these as part of its consideration process, contributing to an informed understanding of the operational effectiveness of the committees within the broader governance structure.</p> <p>While the Planning and Licensing committees are rooted in legislation, there is value in introducing annual self-evaluations to gauge the operational effectiveness of these committees. Failing to monitor the operational effectiveness poses the risk of the committee overlooking inefficiencies and missing opportunities to identify and implement best practices.</p> |   |                                   |                                |
| <b>Management Action 1</b>     | Management will undertake annual self-evaluations for the Planning and Licence committees to be aware of operational effectiveness of these committees. An annual report will also be produced for all Overview and Scrutiny Committees.  | <b>Responsible Owner:</b><br>Assistant Director (Governance and Public Protection) and the Monitoring Officer | <b>Date:</b><br>30 September 2024 | <b>Priority:</b><br><b>Low</b> |

# EXECUTIVE SUMMARY – RECRUITMENT AND RETENTION

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

A Recruitment and Retention Audit has been conducted to assess the processes in place for how the Council recruits and retains key staff to ensure that these processes are effective and being complied with in practice. This included reviewing the components of the recruitment process in line with the policy, ensuring that relevant activities are undertaken as required. Having a robust recruitment and retention process at the Council is important as it ensures that the Council has the right people with the right skills and abilities to meet its current and future needs.

Recruiting Managers are responsible for identifying the need for new staff, and for completing a staff requisition form to be approved by both HR and Finance. They are also responsible for shortlisting applicants and conducting interviews and informing HR of their decisions at each stage. HR is also responsible for issuing employment contracts to successful applicants and conducting pre-employment checks.

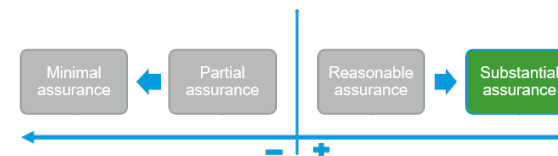
The Council are currently in the process of reviewing its existing policy to enhance current practices.

## Conclusion

Overall our review confirmed that there is an appropriate control framework in place within the Council. The various activities outlined within the recruitment are being undertaken. However, our review has identified areas where enhancements are required or controls are not being consistently adhered to in relation documenting training attendance, fully completing staff requisition forms, retaining interview decision documents and ensuring employment contracts are signed and returned by new starters prior to employment commencement. This has resulted in the agreement of three low priority management actions.

### Internal audit opinion:

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



## Key findings

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



A Recruitment Selection Policy is in place which outlines the objectives and principles of recruitment. A new policy has been drafted for approval at the March 2023 Employment Committee which includes further details on the recruitment process from identification through to job offer and onboarding. No management action is required as a new policy has been drafted to include greater detail.



We confirmed that the Recruiting Manager is responsible for creating job descriptions for vacant roles identified and all job descriptions are reviewed and approved by HR before they are advertised. This process was confirmed for our sample of 20 new starters.



For our sample of 20 new starters, we confirmed that:

- In all instances right to work checks had been completed before the start date;
- In 16 instances the required two references were received. In three instances one referenced had been received but this was confirmed as sufficient, and in the remaining instance the member of staff had already worked for the Council through an agency.
- For the two instances that required a DBS check, we confirmed that a DBS had been obtained.



All relevant pre-employment checks are required to be completed before the new starters employment start date. Where this is not achieved, the start date is extended and the new starter does not commence work until all required checks have been completed.



We confirmed that exit interviews are conducted via survey monkey prior to staff leaving the Council. This information is analysed and presented to the CMT and Chairman and Vice Chairman of the Employment Committee. Of 56 leavers, 31 agreed to partake in the leaving interview.



On an annual basis, members of staff have an appraisal with their line manager, as part of the appraisal their is a section on the learning and development needs which captures the training requirements for career development. Once appraisals have been completed with all staff, HR create a development plan to ensure members of staff receive the necessary training as requested as part of the appraisal. Action plans are reviewed as part of staff appraisals. This process was confirmed for a sample of five staff.

Details of the three low priority management actions are included below.

## 2. 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: Recruitment training     |  |
|--------------------------------|--|
| <b>Control</b>                 | <p>The Council have recruitment and selection training in place which line management are required to attend on a bi annual basis, this training is also provided to any new starters within a line management role as part of their induction. Human Resources (HR) are responsible for maintaining the material to ensure its relevancy and up to date.</p>  |
|                                | <p><b>Assessment:</b></p> <p><b>Design</b> ✓</p> <p><b>Compliance</b> ×</p>  |
| <b>Findings / Implications</b> | <p>Discussions with Management identified that internal recruitment training is conducted for relevant staff by HR each quarter. Review of the training pack for line management confirmed that it detailed key recruitment information including the following:</p> <ul style="list-style-type: none"> <li>• Avoiding direct and indirect discrimination;</li> <li>• Writing the job description;</li> <li>• Writing and posting job adverts;</li> <li>• The shortlisting process including usage of iTrent to send out messages to applicants;</li> <li>• Nature of interviews/ assessments; and</li> <li>• Components of pre-employment checks.</li> </ul> <p>We also confirmed that the training pack clearly outlines the respective responsibilities of both HR and line managers throughout the recruitment process.</p> <p>In addition, the training pack highlighted that all relevant recruitment resources are available to staff via the recruitment framework page on the intranet. Review of the training pack confirmed that it covers the essential elements of the recruitment process.</p> <p>Review of the iTrent Guide for Recruiting Managers confirmed that it outlines the instructions that Recruitment Managers should follow when a requisition form has been approved to when an offer is made to the qualifying candidate.</p> <p>iTrent Instructions outlined within the guidance document include the following.</p> <ul style="list-style-type: none"> <li>• Moving applicants to shortlisting stage;</li> <li>• Moving unsuccessful applicants to reject after shortlisting;</li> <li>• Creating interview schedule;</li> <li>• Inviting candidates; and</li> <li>• Moving successful applicant to Offer stage.</li> </ul> <p>Discussions with the Head of Service – Human Resources and Organisational Development further identified that recruitment training is also conducted during new starter induction for Line Managers.</p> |

### Area: Recruitment training

Review of the training document confirmed that it outlines key activities to be completed by Line Managers before a new starter joins their team and after they have started. These include the following.

- Obtaining references;
- Checking right to work documents;
- Completion of the IT new starter form; and
- Confirm completion of eLearning modules.

We also identified that recruitment training is conducted in person and also via Teams. The Head of Service – Human Resources and Organisational Development highlighted that where training is conducted in person, attendance is documented via sign in sheets. However, these are not retained centrally by Managers. In addition, where training had been conducted via Teams, the Council has not been able to document and retain attendance.

Where training attendance is not documented and retained, there could be that risk that training completion could not be effectively monitored and staff involved in recruitment have not received the required training.

|                            |  |   |                                  |                                |
|----------------------------|--|---|----------------------------------|--------------------------------|
| <b>Management Action 1</b> | Management will document and retain training attendance for recruitment processes to enhance effective monitoring. | <b>Responsible Owner:</b><br>Head of Service – Human Resources and Organisational Development | <b>Date:</b><br>29 February 2024 | <b>Priority:</b><br><b>Low</b> |
|----------------------------|--|---|----------------------------------|--------------------------------|

### Area: Identification of Post

|                                |  |                    |   |
|--------------------------------|--|--------------------|---|
| <b>Control</b>                 | Recruiting Managers are required to complete a Staff Requisition Form which provides justification details on the rationale of recruiting a new member of staff within their department. The form is required to be approved by Finance and the Director for their business area.  | <b>Assessment:</b> |   |
|                                |  | <b>Design</b>      | ✓ |
|                                |  | <b>Compliance</b>  | × |
| <b>Findings / Implications</b> | Discussions with Head of Service – Human Resources and Organisational Development confirmed that for each staff employed, the Recruiting Manager completes a Staff Requisition Form which is then approved by Finance and the Director or relevant Business Partner. Review of the Staff Requisition Form template confirmed that it outlines the job title, business area, working hours, and contract type.<br><br>We noted that the form also details relevant considerations to be confirmed by the Recruiting Manager including whether the role could be filled by an apprentice, outsourced or distributed among existing staff. Furthermore, we confirmed through review that the form had sections for comments from both HR and Recruiting Manager and also required approval from Finance and the Director. The HR Manager highlighted that where a new role had been agreed as part of a restructure, no staff requisition forms are required. |                    |   |

## Area: Identification of Post

Testing a sample of 20 staff confirmed the following.

- In 18 out of 20 instances, Staff Requisition Forms had been completed and retained. We also confirmed that three out of 18 requisition forms retained had not been signed or dated by the Recruiting Manager, although comments had been provided on the form. We noted that another form had also not been signed or dated by Finance.
- In two out of 20 instances a Staff Requisition Form had not been completed. The HR Manager explained that these were not required in these instance because the vacancies had been part of an internal restructure.

Where documents are not properly signed by the appropriate person, there is a risk of delay in the hiring process or that roles are recruited for where it could have been filled internally or was not required.

|                            |   |   |                                  |                                |
|----------------------------|---|---|----------------------------------|--------------------------------|
| <b>Management Action 2</b> | Management will ensure that Staff Requisition Forms are completed in full and signed by all relevant parties. | <b>Responsible Owner:</b><br>Head of Service – Human Resources and Organisational Development | <b>Date:</b><br>29 February 2024 | <b>Priority:</b><br><b>Low</b> |
|----------------------------|---|---|----------------------------------|--------------------------------|

## Area: Interview process

|                |   |                    |   |
|----------------|---|--------------------|---|
| <b>Control</b> | There is a shortlist decision form in place in which Recruiting Managers are required to complete when shortlisting for the advertised role. The form includes a scoring matrix in which the Recruiting Manager will use to determine which applicants are selected for interview. The Recruiting Manager will then use the interview templates which also includes a scoring matrix to score the interview.<br><br>Interview questions are tailored to the role being hired for. | <b>Assessment:</b> |   |
|                |   | <b>Design</b>      | ✓ |
|                |   | <b>Compliance</b>  | × |

**Findings / Implications** Discussions with Head of Service – Human Resources and Organisational Development identified that decision forms are completed by each Recruiting Manager which outlines the basis for choice of candidate.

Review of an example shortlisting decision form confirmed that it detailed the following key information:

- Applicant ID instead of name;
- Vacancy job title;
- Date; and
- Interviewer.

We also noted that the shortlisting decision form outlines the role specific criteria based on the personal specification listed within the job description. These serve as the scoring matrix by which managers select the most qualified can applicant to be interviewed.

Testing a sample of 20 new starters confirmed the following.

- In seven out of 20 instances, shortlisting decision forms had been completed by Recruiting Managers and retained.

## Area: Interview process

- In six out of 20 instances, we confirmed candidates were sole applicants who had proven competency with an agency.
- In five out of 20 instances, we confirmed that shortlisting decision notes had been documented but not retained by Recruiting Managers.
- In two out of 20 instances, we confirmed that shortlisting was not required. Correspondence with Head of Service – Human Resources and Organisational Development identified that these involved single applicants for roles.

We identified through discussions that managers also complete interview scoring forms for applicants who progress to the interview stage from the shortlisting stage. Review of the interview score sheet confirmed that it detailed the various scores and weights used by Recruiting Managers.

We also confirmed that the interview score sheet provides a list of questions tailored to the role being interviewed for as well as interviewer comments indicating applicant's suitability for the role.

Testing a sample of 20 new starters confirmed the following.

- In 10 out of 20 instances, we confirmed that interview scoring form had been completed as required.
- In six out of 20 instances, we confirmed that interview scoring forms were completed but had not been retained by Recruiting Managers. Correspondence with the Head of Service – Human Resources and Organisational Development identified that for one of these, it had been disposed of during the office move.
- In four out of 20 instances, we confirmed that completion of interview scoring forms was not required because candidates were sole applicants had been working for the Council via an agency.

Review of the interview scoring form had been completed and retained further confirmed that in all 10 instances interview questions had been tailored to suit the particular role.

Where shortlisting forms and interview scoring forms are not retained, there could be difficulty in ascertaining whether the requisite process has been duly followed and offer is made to most qualifying candidate.

|                            |   |   |                               |                                |
|----------------------------|---|---|-------------------------------|--------------------------------|
| <b>Management Action 3</b> | Management will ensure that all shortlisting forms and interview scoring forms are completed and retained to promote transparency of the recruitment process. | <b>Responsible Owner:</b><br>Head of Service – Human Resources and Organisational Development | <b>Date:</b><br>31 March 2024 | <b>Priority:</b><br><b>Low</b> |
|----------------------------|---|---|-------------------------------|--------------------------------|

# EXECUTIVE SUMMARY – CYBER TREATMENT PLAN

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

In early 2022, the District Council was contacted by the Department for Levelling Up, Housing and Communities (DLUHC) regarding the completion of a cyber risk assessment and subsequent treatment plan to address any risks identified. The Council met quarterly with the DLUHC representative to discuss the various risks, progress made towards addressing the risks, and to provide any guidance that the Council needed. DLUHC has signed off on the completion of the action plan in Autumn of 2023.

As the implementation status of the actions was documented by DLUHC, we focussed our testing on whether the actions which the Council has implemented have addressed the underlying risk identified in the initial risk assessment. We also reviewed the reporting processes by which the progress towards completing the action plan was shared across the Council's governance structure.

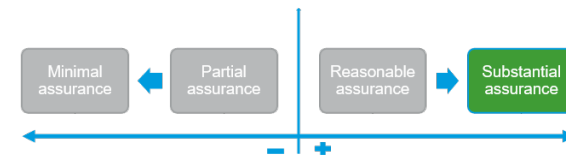
## Conclusion

Our testing found that 31 of the 32 actions had been correctly implemented or superseded in line with the initial action set by DLUHC and this is accurate to what is being reported to the Finance and Economic Overview and Scrutiny Committee. We noted that one action was partially implemented, and for two further actions, although completed as per the DLUHC action, additional improvements could still be made to enhance the control environment.

We have agreed one low priority management action to complete the remaining action and to consider the other two areas for further improvements.

### Internal audit opinion:

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



## 2. 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: Action Plan Implementation

|                |  |                    |   |
|----------------|--|--------------------|---|
| <b>Control</b> | The Cyber Treatment Plan utilised by the Council is monitored by the IT Team and shows the completion status of each recommendation. The Plan has a column next to each recommendation for additional notes. | <b>Assessment:</b> |   |
|                |  | <b>Design</b>      | ✓ |
|                |  | <b>Compliance</b>  | × |

**Findings / Implications**

As part of our testing we reviewed the current status of all of the 32 actions within the action plan. As the implementation statuses of the actions were agreed with consultants working on behalf of DLUHC, we have validated the evidence to support this and also assessed if the underlying risk has been addressed.

We confirmed that as per the Council's current status, DLUHC had approved the completion of all actions (either completed or superseded) with one action remaining. We were provided with evidence or rationale for the other 31 actions marked as completed or superseded.

For two of the actions marked as complete, although DLUHC had agreed as completed and as per the original action were closed off, we and the Council acknowledged that although the specific action is complete, there are still further improvements which could be made to enhance the processes for defining recovery time objectives and fully decommissioning old servers.

Whilst our findings do not indicate any weakness in the monitoring of the action plan (as this is primarily controlled by the consultants representing DLUHC), we have agreed an overarching action to ensure that the remaining action is completed and further improvements are considered.

|                            |  |  |                             |                                |
|----------------------------|--|--|-----------------------------|--------------------------------|
| <b>Management Action 1</b> | The Council will complete the remaining outstanding action, and consider the further improvements on the further two areas identified. | <b>Responsible Owner:</b><br>IT Services Manager | <b>Date:</b><br>31 May 2024 | <b>Priority:</b><br><b>Low</b> |
|----------------------------|--|--|-----------------------------|--------------------------------|

## APPENDIX A: EXCEPTION TABLE

Below is a summary of the instances where we have identified the ongoing action, and two further enhancements to the control framework.

| Original Recommendation  | Action Plan notes  | Audit findings   | Next step   | SKDC Response  |
|--|--|--|---|--|
| Implement a higher degree of separation between the domain controllers and the rest of the network. This could take the form of VLAN separation                  | We have strengthened our Windows Firewall implementation as we upgrade domain controllers to newer OSes (to meet 2012R2 EoL). We are installing a new network core in June/July '23 where we will segment further with ACLs and FW separation. | Whilst we have confirmed that the domain controllers upgrade is ongoing, the Council has not yet been able to install and configure new core switches which would enable them to isolate the core network and the domain controllers.                                | The Council will install its available switches to isolate its domain controllers.              | Switches are almost ready to be installed so this recommendation can be completed.   |
| Define RPO and RTO limits with business sign-off and ensure that the recovery approach is documented and tested  | All backups processes are documented   | Whilst the Council has documented its backup processes and this has been approved by DLUHC, a wider improvement could be made within the Council regarding RTO and RPO's for business continuity.  | The RPO and RTO of various systems will be agreed as part of business continuity documentation. | The RTO is to be discussed with the BC Officer and documented accordingly.   |
| Continue with plans to move away from unsupported server operating systems, where possible, including working with suppliers on upgrade paths for legacy systems | Plans in place to remove unsupported services and services going EOL in the near future  | The Council has continued to move away from unsupported server operating systems as per the DLUHC action. Seven servers remain running 2012R2, which are expected to be decommissioned in April 2024. The Council have paid Microsoft for extended support on these. | The seven remaining servers running Windows Server 2012R2 will be decommissioned.               | The action was to continue with our plans to remove unsupported O/S "where possible" we have done and continue to do that as part of the plan. We have also paid Microsoft for extended support on Server 2012r2 so they are supported until we replace them anyway. |

# EXECUTIVE SUMMARY – RISK MANAGEMENT

With the use of secure portals for the transfer of information, and through electronic communication means, 100 per cent of our assignment has been conducted remotely. Remote working has meant that we have been able to complete our assignment and provide you with the advisory input 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

The Council has invested time and resources over the past few years into risk management. We have undertaken a risk management review to provide assurance that the Council has an effective risk management framework in place that allows for risks to be managed effectively, and how this has been embedded at both corporate and operational level.

An effective risk management framework is essential for ensuring that the Council is identifying risks in a timely manner, putting in place mitigating actions to ensure the likelihood and impact of the risks materialising are limited and that the risks are within their approved appetite. The Council has access to the 4Risk software, however it is not currently being utilised to maintain its risk registers. At the time of our review, the Council was in the process of reviewing their strategic risks with support provided by RSM. This entails them participating in strategic risk workshops provided by RSM to review the strategic risk register including risk scoring and risk appetites. As a result of the workshops the strategic risk register has recently been updated. The next stage is to review and update the Risk Management Framework to capture the changes introduced as a result of the strategic risk management workshops.

## Conclusion

Our review identified that although there is a Risk Management Framework in place, through the implementation of the recommendations identified within this report this could be further improved to ensure that there is a fully embedded effective risk management process in place. As a result of this advisory review we have noted nine recommendations which have been detailed in section two of this report.

We have provided examples of best practice to management with regards to creating an assurance framework and the three lines of assurance.

## Key findings

**We identified the following areas of good control design which are being complied with in practice:**



The Risk Management Framework 2021-2023 Appendix C details the roles and responsibilities for Officers and Members who collectively have a key responsibility to ensure that risk management is effective across the whole of the Council's operations.



Review of the updated strategic risk register dated March 2024 confirmed that each of the 15 risks had been linked to one of the Council's corporate priorities. These included:

- Connecting Communities
- Sustainable South Kesteven
- Enabling Economic Opportunity
- Housing
- Effective Council



Horizon scanning is undertaken as part of a cyclical exercise to identify new and emerging areas of risks that need to be considered by the Council. This exercise focusses on opportunities as well as potential threats and areas of difficulty that are emerging from the exercise, with the outcomes being recorded on the risk registers and appropriate action being agreed by the Corporate Management Team and Risk Management Group. We were informed by the Governance and Risk Officer that the strategic risk review was via strategic risk workshops facilitated by RSM with Corporate Management Team and Assistant Directors.

**The areas for improvement are included in Section 2 below.**

## 2. 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: Policies and Procedures

#### Findings summary

There is a Risk Management Framework 2021-2023 in place at the Council which provides an outline of the Council's arrangements for risk management. This framework is based on good enterprise risk management practices as defined in the ISO 31000: 2018 Risk Management guidelines and the ALARM (Association of Local Authority Risk Managers) Risk Management Guide and Toolkit. The purpose of this framework is to set out how the Council will manage risk, and to ensure that risks are identified at the right time, to facilitate effective decision making.

The framework consists of the following areas:

- Risk Management Policy Statement - Statement of intent on the Council's approach to risk;
- Risk Management Strategy - Defines the activities and responsibilities for managing risk and reporting arrangements;
- Risk Management Guidance - Guidance on how to fulfil strategy objectives;
- Strategic Risk Register - Register recording all strategic risks and who is responsible for managing them;
- Service Risk Register - Register recording all service area risks and who is responsible for managing them; and
- Project Risk Register - Register of project risks.

Appendix D of the Risk Management Framework details the risk management process summary which includes the process for risk design, identification and prioritisation and provides further details surrounding the four steps:

- Risk Identification;
- Risk Analysis;
- Risk Response; and
- Record, Monitor and Report.

Review of the staff intranet confirmed that the Risk Management Framework 2021-2023 was available to staff. Review of the meeting minutes and the paper presented to the Governance and Audit Committee meeting held on 9 June 2021 confirmed that the Interim Director of Finance presented the report on the Risk Management Framework 2021-2023, the minutes noted that there had been a move to incorporate risk appetite which the committee had previously worked on. It was noted that the committee approved the draft risk Management Framework for 2021-2023.

The Council has participated in strategic risk workshops facilitated by RSM to review its strategic risk register including risk scoring. As a result of the workshops the strategic risk register has recently been updated. The next stage is to review and update the Risk Management Framework to capture the changes introduced as a result of the strategic risk workshops as they

### Area: Policies and Procedures

are not currently reflected which could lead to inconsistencies in working practices. It was noted that the Risk Management Framework for 2021-2023 was now out of date.

#### Recommendation 1 for management

The Risk Management Framework will be updated to capture the information gathered from the strategic risk workshops.

### Area: Risk Appetite

#### Findings summary

Review of the Risk Management Framework 2021-2023 confirmed that it includes a section on risk appetite. This section defines risk appetite as the amount of risk that an organisation is willing to take on in pursuit of its strategic objectives. Appendix A of the Framework details the Council's Risk Appetite Statement from the following risk appetite levels:

- Averse;
- Minimal;
- Cautious;
- Open; and
- Hungry.

These appetites need to be assigned to the new strategic risks outlined within the new Risk Management Framework.

#### Recommendation 2 for management

Risk appetite will be assigned to the new strategic risks based on the risk appetites outlined within the new Risk Management Framework.

## Area: New and emerging risks

|  |   |
|--|---|
| <b>Findings summary</b>                | <p>Review of the Risk Management Group Terms of Reference dated June 2022 confirmed that it outlined that the group supports risk management activity across the Council and key activities include:</p> <ul style="list-style-type: none"> <li>• To promote and embed risk management activity throughout all service areas;</li> <li>• To review exceptional service risks in order to consider their overall impact on the Council;</li> <li>• To review and implement the Risk Management Framework; and</li> <li>• To identify risk management training needs across the Authority.</li> </ul> <p>The group is attended by the Heads of Service, Assistant Directors and the Governance and Risk Officer, and takes place on a quarterly basis. Review of the meeting PowerPoint presentations from January, April and September 2023 confirmed that strategic risks had been included in the April and September 2023 presentations and service level risks had been included in the presentation for January 2023. We were however unable to confirm the level of discussions taking place surrounding the risks as the meetings are not minuted.</p> <p>It was noted that the identification of new and emerging risks is not noted within the remit of this group. The Council should consider including this as part of the group's agenda/terms of reference as this would help promote a more transparent and consistent approach to risk management.</p> |
| <b>Recommendation 3 for management</b> | <p>Consideration will be given to reviewing and updating the remit of the Risk Management Group to include the identification of risks and consider emerging risks at meeting as well as feed back any issues re control / compliance failing.</p>  |

## Area: Operational Risk Register

|  |   |
|--|---|
| <b>Findings summary</b>                | <p>We reviewed the Service Risk Register dated June 2023, which detailed 96 risks that had been identified for all service areas: The risks are captured from service plans which are completed on an annual basis. Review of the Service Risk Register confirmed that it detailed the risk description, cause and effect of the risk, risk control, residual risk score and mitigating actions, however it did not detail any implementation dates against any of the actions. Where implementation dates are not identified then risks, controls and actions may not be effectively managed to mitigate the risks and reduce the residual risk score. See actions raised below.</p> <p>There was also no evidence to confirm that the service risks had been reviewed since June 2023. Where risks and controls are not being reviewed on a regular basis this could lead to ineffective risk management within the Council.</p> <p>We were informed that following completion of the service plans the service risks will be captured within 4Risk to enable regular review.</p> |
| <b>Recommendation 4 for management</b> | <p>Service risks and controls will be reviewed on a regular basis to confirm that the risks are up to date and that the controls are operating effectively to mitigate the risk.</p>  |

## Area: Risk Scoring

|  |  |
|--|--|
| <b>Findings summary</b>                | <p>The Risk Management Framework 2021-2023 details that the risk scoring methodology is based upon a 4x4 risk scoring matrix for the impact and likelihood of the risk.</p> <p>Review of the new strategic risk register confirmed that each of the 15 risks had been provided a residual risk score based upon the 4x4 scoring matrix, which had each been RAG rated based upon the outcome of the score. Best practice suggests assessing both the inherent risk and residual risk allows the Council to determine how effective the mitigating controls and sources of assurance are.</p> <p>The Council have access to a risk management software, 4Risk, which allows the recording and monitoring of strategic risks – we were informed that the old strategic risks are held on 4Risk and the new risks will be uploaded once they have been approved. 4Risk will help further embed risk management within the Council and provide a more effective mechanism in place for risk recording, risk monitoring, reporting and escalation from operational level risk where required.</p> |
| <b>Recommendation 5 for management</b> | <p>The Council should consider re-implementing the use of the risk management software, 4Risk, and rolling this out to the risk owners, this will help further embed risk management within the Council and provide more effective mechanism in place for risk recording, risk monitoring, reporting and escalation from operational level risk where required.</p>  |
| <b>Recommendation 6 for management</b> | <p>The Council should consider assessing inherent risk, alongside the residual risk to help identify how effective the mitigating controls and sources of assurance are in reducing the overall risk score.</p>  |

## Area: Mitigating Controls

|  |   |
|--|---|
| <b>Findings summary</b>                | <p>Review of each of the 15 risks recorded on the new strategic risk register confirmed that key controls and mitigations had been identified in each case. Furthermore actions have been identified for eight out of the 15 risks to further bridge the gap in any controls weaknesses and reduce the risk score.</p> <p>We acknowledge that the strategic risk register is still evolving and will detail implementation dates and risk owners for all the risks and actions. Where implementation dates and risk owners are not identified then risks, controls and actions may not be effectively managed to mitigate the risks and reduce the residual risk score. We were informed that CMT own the risks collectively and therefore it is the actions that will be assigned owners as opposed to the risk.</p> |
| <b>Recommendation 7 for management</b> | <p>The risk register will be updated to include the risk owners for each risk as well as the implementation dates against each of the actions.</p>  |

## Area: Assurance framework

|  |   |
|--|---|
| <b>Findings summary</b>                | <p>The Risk Management Framework 2021-2023 Appendix B Risk Management Governance Framework details the following assurance levels for the five stages below:</p> <ul style="list-style-type: none"> <li>• Strategic - Review by internal and external audit, and Annual Governance Statement;</li> <li>• Service - Annual Assurance Statement and Internal audit review;</li> <li>• Project - Strategic Management Team and Performance Review;</li> <li>• Health and Safety - External reviews; and</li> <li>• Business Continuity - Desktop exercises to determine robustness and External reviews.</li> </ul> <p>However from review of the risk register it was identified that the sources of assurance for each risk has not been identified. The risk register could be further enhanced through identifying whether the assurance is internal or external or using the ‘three lines of assurance’ model provided in the Appendix to this report. This can help to ensure that gaps are reduced or eliminated, and unnecessary duplication avoided (See example Board Assurance Framework below in Appendix B).</p> <p>The effectiveness of the Council’s risk management arrangements is assessed annually as part of the Annual Governance Statement (AGS), which includes the Annual Audit Opinion, and is signed off by the Chief Executive and Leader of the Council. In compiling the AGS, assurances are obtained from a wide range of sources including assurance statements. We were informed by the Governance and Risk Officer that the assurance statements are currently being completed with a deadline of 1 March 2024 therefore we have been unable to review the assurance statements as well as the AGS.</p> |
| <b>Recommendation 8 for management</b> | Sources of assurance will be considered for each of the risks and included onto the risk register which will help identify any assurance gaps and action to be taken to reduce these gaps.  |

## Area: Reporting

### Findings summary

We reviewed the Risk Management Annual Report 2022/23 which was presented to the Governance and Audit Committee at the meeting held on 29 November 2023 for approval. Review of the report confirmed it included the following:

- Update on the Risk Management Framework 2021-2023;
- Update on the Risk Management Group reporting; and
- Strategic Risk Register - update provided on the review and approval of the register and the use of the risk management software, A Risk Management Annual Report is a summary of the key risk management activities, outcomes, performance highlights and challenges which have occurred over the year. We did identify areas that the Council should consider including within their annual risk management report, these are noted below, but not limited to these areas:
- Risk management training, including induction, refresher and any webinars/toolbox talks/workshops available;
- Risk communications and awareness - the activity undertaken by the Council to raise awareness of risk management; and embed this across the Council;
- Risk management aim and objectives for the next year; and
- Changes in the risk environment included any new and emerging risks included on the risk registers.

Review of the papers presented at the Governance and Audit Committee meeting held on 15 March and 29 November 2023 confirmed that an update on the strategic risk register was provided detailing the progress being made towards implementing the actions for each of the risks, which was seven risks at the time. At the meeting held on 29 November 2023, members were presented with changes being made to the risk scoring matrix as well as the updated made to the risk register as a result of the RSM risk management workshops.

The Council may want to consider producing a summary of the top risks which helps focus the Governance and Audit Committee member's attention on significant risks, with explicit consideration being given to implications on the strategic risks. Where adequate information is not reported on a regular basis, the Council may be unaware of the key risks affecting the Council leading to insufficient scrutiny of the risks and controls in place as well as an assessment of risk, with explicit consideration being given to implications on the strategic risks.

The Council may also want to consider allocating the strategic risks to sub-committees so that they undertake deep dives into areas of risk that they are close to. The outcomes can then provide a wider range of assurance for the Governance and Audit Committee.

### Recommendation 9 for management

Consideration will be given to updating the content of the annual risk management report to include the following areas:

- Risk management training, including induction, refresher and any webinars/toolbox talks/workshops available;
- Risk communications and awareness - the activity undertaken by the Council to raise awareness of risk management;
- Risk management aim and objectives for the next year; and
- Changes in the risk environment included any new and emerging risks included on the risk registers.

# Global Internal Audit Standards

February 2024

45

# GLOBAL INTERNAL AUDIT STANDARDS

The Global Institute of Internal Auditors (the IIA) published the new Global Internal Audit Standards on 9 January 2024, following an extensive consultation in 2023. The Standards provide a new structure with their arrangement under five domains. There is also more emphasis on the working relationship of internal audit, the Board / audit committee and senior management. The Standards become effective from 9 January 2025.

This is the first in a series of papers which will be issued over the year, looking at the impact of the Standards on the provision of internal audit services and what this means for audit committees and senior management at clients.

The Standards five domains.

- I. Purpose of Internal Auditing.
- II. Ethics and Professionalism.
- III. Governing the Internal Audit Function.
- IV. Managing the Internal Audit Function.
- V. Performing Internal Audit Services.

Across the domains are 15 Principles and 52 Standards, and include requirements, considerations for implementation, and examples of evidence of conformance. The new International Professional Practices Framework (IPPF) includes the Standards, topical requirements and global guidance.

This briefing provides a summary of the main changes and implications of the new Standards for audit committee members and senior managers, who are responsible for overseeing and supporting the internal audit function in their organisations.



## IMPACT OF THE NEW STANDARDS ON CLIENTS

The Standards provide a framework for the practice of internal auditing and help ensure that internal auditors adhere to the highest standards of professionalism and ethics. This can help organisations improve their risk management, control, and governance processes, leading to better decision-making and overall performance.

As an audit committee, members play a vital role in ensuring that the internal audit function adheres to the Standards and fulfils its mandate effectively and efficiently. Audit committee members and senior management should be familiar with the new Standards and their implications. Communication and collaboration, whilst maintaining independence, is key to enable internal auditors to implement and comply with the new Standards.

## KEY CHANGES AND UPDATES IN SUMMARY

The new Standards represent an evolution and are organised to provide clear structure and visibility. Whilst there have been changes across the Standards, including to the glossary, below we summarise some of the key inclusions and updates.

- The value of internal audit is articulated in a purpose statement, combining the mission and definition from the 2017 IPPF.
- Behavioural expectations of internal auditors, including the requirement for professional scepticism are set out within domain II, which incorporates the former Code of Ethics and attribute standards.
- Domain III Governing the Internal Audit Function represents a significant change. The requirements for internal audit are followed by essential conditions for boards / audit committees and senior management. These essential conditions enable the internal audit function to be effective. Internal audit has always needed the support of the board / audit committee and senior management, and this is explicit within the Standards.
- An internal audit mandate is required and must be approved by the board / audit committee. To be documented within the internal audit charter, the mandate sets out the authority, role, responsibilities, scope and types of services (often defined as assurance or advisory) to be provided by internal audit.
- Chief audit executives (or heads of internal audit) are required to develop and implement a strategy detailing the vision, strategic objectives and related initiatives for the internal audit function. This should align with board / audit committee, senior management and key stakeholder expectations.
- In alignment with the 2017 Standards, conclusions from internal audit engagements must be communicated to the board / audit committee and senior management. Themes emerging across reviews in relation to governance, risk management and internal control can also be reported.
- Guidance on applying the Standards in the public sector is now provided.

## ALIGNING WITH THE STANDARDS

Having reviewed the requirements of the new Standards, our internal audit services align with the intent of the Standards. As we continue to evolve our services, our internal audit reports and charter will be refreshed. In due course, our internal Quality Assurance Department will also be undertaking reviews, which align with the new Standards. In adherence to the Standards, RSM will continue to undergo an external quality assessment (EQA) every five years. Our next EQA is due to take place in 2026.

Integrity, objectivity, competency, due professional care and confidentiality remain integral to how we provide internal audit services. The behaviours we uphold are supported through our policies, manuals and training. Through our internal training courses, supporting our internal auditors through professional qualification and undertaking continuous professional development we develop our people, 'growing our own'.

## CONCLUSION

The new Standards are designed to help internal auditors deliver value-added services to their stakeholders, by providing assurance, insight, and advice on the organisation's performance, risk management, internal control and governance. The new Standards also aim to enhance the quality, credibility, professionalism, and reputation of internal audit globally and serve as a consistent basis for evaluation.

During the year, we will be sharing further information and guidance to audit committees and senior management on the requirements of the Standards as we move through this year of transition. We will be covering the following topics.

- Internal audit service delivery and any enhancements following the introduction of the new Standards.
- Standard requirements for consideration by the audit committee and senior management.
- Impact of the new Standards on quality assurance.



## FURTHER INFORMATION

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Strong collaborative relationships based on a genuine understanding.

## TAKING ACTION TO MANAGE RISKS AND DRIVE IMPROVEMENT

Responding effectively to internal audit management actions

February 2024

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING



# TAKING ACTION TO MANAGE RISKS AND DRIVE IMPROVEMENT

When having an internal audit review, organisational processes and procedures are under the spotlight. Management and heads of departments may naturally be keen to receive a 'green' substantial assurance opinion, but there is often an opportunity to make improvements. It is important to recognise that the role of internal audit is an independent role within an organisation to help it identify and manage its risks. Internal audit only reports to the organisation, it is not acting on behalf of external stakeholders or regulators.

This paper provides guidance to management on some of the key things to think about when an audit is planned for your area. In particular we outline management's key role in the audit scoping process as well as how you consider and respond effectively to internal audit recommendations or management actions?

## Understanding risks and implications

In delivering a risk based internal audit plan and in covering the breadth of organisational processes, beyond financial risks, internal audit is key in informing senior management and audit committees (or equivalent) of how well the organisation's systems and processes are operating. In evaluating an organisation's risk management, internal audit highlights exposures and agrees management actions, which if implemented, enable an organisation to be better placed to achieve its objectives.

In developing the risk based internal audit plan effective collaboration between senior management, audit committee and the internal audit provider is key. This enables a suitable breadth of internal audit coverage across organisational risks to be achieved. Ensuring there is internal audit coverage in areas where there have been procedure or system changes is natural and helps to manage risks. At RSM, we provide an agile internal audit plan, responding quickly and flexibly to emerging areas of risk and assurance needs across our clients.



## Scoping an internal audit review

Whilst the strategic plan will set out the reviews internal audit will undertake during the year, it is essential that each audit assignment is effectively scoped. The assignment planning sheet (APS) sets out the objectives of the review, the scope and limitations, requested documents and timescales and must be agreed by the organisation. This relies on effective communication and collaboration between internal audit and organisational management.

### Key considerations for auditees – line management and Audit Sponsor

- At the assignment planning stage, management should raise any concerns or areas where they need specific assurance with internal audit at the outset. By actively discussing potential areas of concern or weakness in the area being audited will help to ensure the review focuses on the right areas, and where assurance is needed, in light of the associated risks.
- Following discussion on the scope of the review, management will receive an APS six weeks prior to the audit commencing. The Audit Sponsor (usually a senior executive) should review the APS and raise any amendments or proposed changes to the scope on a timely basis. The audit will be performed in line with the agreed APS, so it is essential that the Audit Sponsor is comfortable with the scope of the audit being proposed.

- Internal audit will want to be sure their review focuses on where assurance is required but naturally there will be limitations, detailing areas outside of scope. Effective communication is key, as given the associated risks management may find it beneficial to use contingency resource to bring more areas within the audit scope.
- At the start of the review all information and access to systems should be available to internal audit to enable effective use of time and to ensure the review does not over-run. The opening meeting should also be used to share any management concerns that may have come to light following initial scoping.

## Internal audit: RSM's approach



## Identifying actions and addressing control weaknesses

As part of our internal audit assignment reviews, we agree actions with management, which if implemented will address internal control weaknesses, bring improvement to processes and manage risks. Both senior management and the audit committee should have assurance that action is being taken. In helping organisations to effectively prioritise their efforts and resources, we agree high, medium and low priority management actions to reflect our assessment of risk associated with the control weakness. Any high action requires immediate attention.

### Key considerations for auditees – line management and Audit Sponsor

- Following fieldwork, internal audit will hold a debrief meeting. To have an effective debrief meeting it is essential that organisations field the right individuals to attend the debrief to ensure that both detailed operational and wider strategic implications can be considered.
- The management actions agreed at the internal audit debrief stage will be captured in Management Action Implementation Plans set out in the draft internal audit report. This plan should set out the required action needed, identify action owners, resource requirements, the priority and include specific implementation timescales. This draft report stage gives management the final chance to sense check that they are happy with the agreed management actions in terms of the action needed, its ability to address the weakness identified and the achievability of the action in terms of implementation and timescale.
- Implementation dates should be realistic, achievable in light of time and resource availability, and link to the severity or categorisation of the action raised.



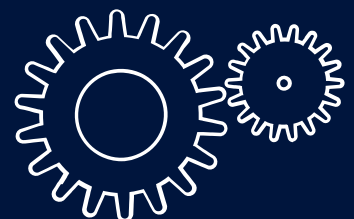
**For an effective outcome from the debrief, management must have a clear understanding of the following.**

- Risks being explored by the audit.
- The audit findings. What have internal audit looked at and tested? Are any weaknesses identified by internal audit related to an absence of control, a poor design of control or a lack of compliance with an existing control?
- The implications of the weakness identified by internal audit. Has the risk actually occurred or is it a potential risk? What could go wrong? Is there a potential risk of:
  - an organisational objective will not be achieved;
  - operational delivery may be impacted;
  - loss of resource, income or unnecessary expenditure or poor value for money;
  - loss of assets;
  - reputational damage;
  - regulatory or statutory breach; or
  - fraud or irregularity etc.
- Does the understanding of the system by internal audit fit with the view of the system that management have? Have internal audit been made aware of any compensating control that may be in place which will address the risk and control weaknesses identified by internal audit?

- Consider the solutions to the problem. Some internal audit providers will impose 'recommendations' on their view of the action that the organisation must take to mitigate and control the risk identified.

The RSM approach is to discuss the issues and weaknesses with management and jointly agree practical, pragmatic, achievable and cost effective 'management actions' that will address weaknesses. It is important that management engage with this process to agree and ensure the actions are achievable and the timescales are realistic given other work and resource pressures.

- Are the solutions identified practical and sustainable? Can management carry on doing it, building it into workflows or will the solution lapse over time?
- What evidence will there be to demonstrate improvement? When considering the solutions and developing the management actions, the organisation needs to consider how their implementation will be evidenced or demonstrated.



## Having confidence that action has been taken

To ensure control weaknesses are being addressed timely, senior management and audit committees will be keen to understand the status of management actions. Whilst there may be variation in the approach, it is common for organisations to have a procedure in place to track the status of agreed management actions. Action tracking is a management responsibility, but internal audit often uses the tracking information provided by the organisation as a basis to perform follow-up testing. Regular reporting on the status of actions to senior management and audit committee helps to ensure focus is maintained after the audit has finished. It facilitates accountability and helps ensure the organisation doesn't lose sight of the actions it needs to take to bring improvement and manage risks.

### Key considerations for auditees

- The process for tracking management actions should be clearly defined, with set procedures communicated to managers, and timescales adhered to. Communication is key, as any process and timelines should have reference to the internal audit plan and any scheduled follow-up engagements.
- Where actions are reported as complete, evidence needs to be captured. This helps ensure the action has been implemented as expected and it has addressed the control weakness previously identified. This is an important consideration as internal audit may not follow-up every management action agreed in light of time and resources.
- Action tracking software for a full audit trail, assigned action owners, and real time reporting is beneficial. Dashboards can provide high level summaries and facilitates effective reporting to audit committee. Ideally, management reporting should include recommendations from other assurance providers in addition to internal audit.

## Cost and benefits

Assurance comes at a cost and whether internal audit is mandated in your industry or not, organisations are rightly looking to maximise value and ensure efficiency. Ultimately, all organisations should be sighted on the effectiveness of their governance, risk management and internal control processes. With a suitable breadth of coverage, internal audit helps organisations to achieve their objectives, to improve processes, and identify efficiencies. Yet, this is only achieved through taking action.

### Key considerations for auditees

- The internal audit plan should be kept under review and adapt to changes in the organisation's risk profile. Working collaboratively with internal audit ensures the internal audit strategy responds flexibly and quickly to an organisation's changing assurance needs, and that assurance is always focused on the right areas.
- Organisation's should effectively monitor the implementation of management actions and implementation plans, and by working collaboratively with internal audit, greater efficiency can be achieved. Where actions have not been taken, senior management and the audit committee will need to be comfortable with the level of risk exposure this presents.
- In identifying control weaknesses, internal audit will have found systems and processes requiring improvement. Implementing management actions mitigates the associated risks, provides assurance to stakeholders and helps to support compliance with regulatory requirements and legislation.

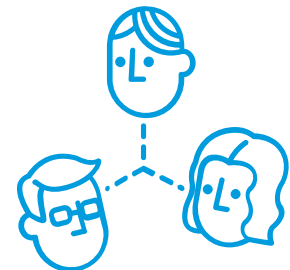


## Internal audit follow-up reviews

Through follow-up, internal audit independently assesses the implementation of actions agreed with management, obtaining evidence of actions completed and those that are outstanding (either fully or partially). As part of our follow-up reviews, we set out whether there has been good, reasonable, little or poor progress in implementing actions.

### Key considerations for auditees

- Follow-up reviews, to confirm that action plans have been implemented by management, are a requirement within the internal audit Standards. There is variation in the approach to follow-up across organisations but as a minimum, a follow-up review will take place following any previous negative assurance opinion received. Follow-up provides confidence that control gaps have (or have not) been rectified.
- By collaborating with internal audit, organisations can discuss where follow-up work is best placed to minimise risk exposure and improve controls. Where risk management is embedded, follow-up can often be targeted at those risks that feature higher up on the risk register.
- Communication with internal audit is vital. For example, any system or departmental changes that may have occurred after a management action was initially agreed may mean the original action is now superseded or additional audit work is required to understand any new risk exposure.



## Summary

With the reach, authority and independence of internal audit, organisations have a much better understanding of the nature of their risks and the effectiveness of the control environment. The conclusions reached will be based on triangulation of evidence and appropriate testing, providing for a strong evidence base. As such, the findings from our internal audit reviews and subsequent implementation of management actions are key to enhancing the internal control, governance and risk management of the organisation. It provides comfort to senior management and the audit committee that risks are being managed and that action is being taken by management to strengthen control weaknesses.

# HOW RSM'S 4ACTION™ CAN HELP CLIENTS

4action™ part of RSM's Insight4GRC software suite, is a powerful action tracking software system that helps ensure your agreed management actions and tasks are tracked and their performance monitored.

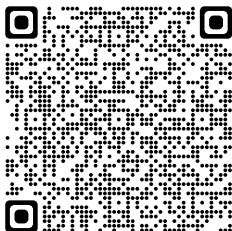


## Key features

- A full audit trail of all assigned actions and tasks.
- Extensive dashboards enable the identification of areas of weakness.
- Break actions down into stages.
- Flexible onscreen reporting.
- Track assigned actions and tasks all from a single simple interface.
- Automatic email reminders ensure users are prompted to update their actions.

## 4action

<https://youtu.be/xEuFSwzbzvw>



## INSIGHT4GRC

Insight4GRC ([www.insight4grc.com](http://www.insight4grc.com)) is RSM's proprietary digital governance, risk and compliance solution.

We have over 300 organisations that licence and use one, some or all, of the Insight4GRC modules, being 4risk, 4action, 4policies and 4questionnaires. Insight4GRC provides management with real time information in connection with the identification, assessment and management of risks, the communication and acceptance of policies and the distribution and tracking of actions.

To find out how Insight4GRC can help you better manage your organisational risks contact [matthew.humphrey@rsmuk.com](mailto:matthew.humphrey@rsmuk.com).

# FURTHER INFORMATION

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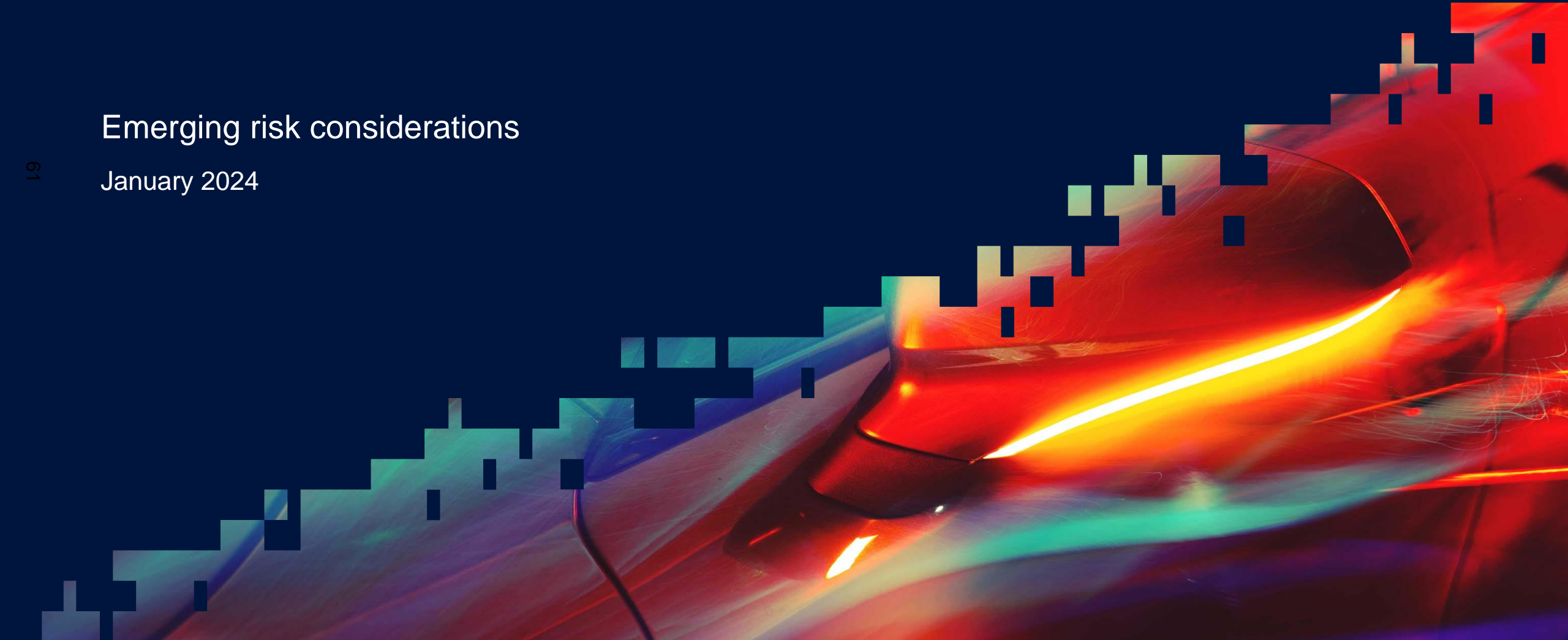
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# Emerging Risk Radar

Emerging risk considerations

January 2024



# Emerging Risk Radar: January 2024

**Given your strategic objectives what do you see as the emerging events or threats that could impact your business either negatively or positively and that you believe should be watched?**

The emerging risk radar is based on 194 survey responses from board members and professional advisors from across all industries (over the last 6 months).

## Key emerging risks in summary:

- New emerging risks in the form of reduced availability and access to public services due to demand and under-investment, increasing weather pattern shifts, and reduced business investment as a result of macro-economic conditions including geopolitical challenges.
- Many emerging risks are becoming more prevalent, such as shortages in people skills and experience, targeted cyber-attacks and the impacts of artificial intelligence (AI).
- The top 3 most prevalent emerging risks being:
  - i. Change in government and political instability.
  - ii. Shortages in people skills and experience available.
  - iii. Economic slow-down resulting from reduction in income through reduced spending.

## Emerging risk considerations:

- What do you see as the emerging risks? How far will these emerging risks affect your business?
- How far will these emerging risks play through into your existing strategic risks? How far will they change the way you currently manage your strategic risks?
- How will you respond? How will you continue to keep under review the emerging risks?

## Emerging Risk – Why? And What?

### Why?

The board should establish and keep under review the risk and internal control framework and determine the nature and extent of the principal risks it is willing to take to achieve its strategic objectives.

### What?

An emerging risk might be defined as:

a new or unforeseen level of uncertainty driven by external events – the risk may still be forming, and it may not be clear as to the implications for the business, be these negative or positive.

To be watchful of these emerging risks and how they might play through is an important element of preparedness and the business management of risk. We have framed the emerging risks as:

- **Most prevalent** being emerging risk themes that were more regularly being identified in responses;
- **Keep monitoring** to represent those emerging risk themes that occupied a deemed mid-range in prevalence in responses; and
- **Worth watching** being those emerging risk themes that were less prevalent.

However, all of these emerging risk themes are constantly evolving and shifting, and so are all worthy of consideration.



# Emerging areas of risk – January 2024



## Most prevalent

- 2.1 Change in government and political instability leading to changes in policies affecting all businesses, sectors and individuals – potential for increasing government interference in business (corporate and not for profit). **(Priority #1)**
- 7.1 Shortages in skills and experience - reduced investment in staff development, temporary contracts becoming more frequent, reduced pool of experienced / skilled staff available with constant movement between employers (who pays the most) versus increasing lack of commitment to longer term career. **(Priority #2)**
- 5.1 Economic slow-down resulting from reduction in income through reduced spending by consumers or reduced spending by government / public sector. **(Priority #3)**
- 5.2 Reduced investment in research and development as businesses take a short-term approach and focus on business as usual (reducing agility and innovation) due to macro-economic conditions including geo-political challenges. **(Priority #4)**
- 4.1 Cyber-attacks increasing in frequency and complexity. Unable to sufficiently invest in defence – attacks more disabling, coupled with loss of data in serious targeted attacks. **(Priority #4)**
- 4.2 Impact of artificial intelligence both positive and negative implications – still largely unknown what this may mean for business (all sectors) and employees. **(Priority #4)**
- 6.1 Shifts in inflation, interest rates, salaries and wages, energy costs etc creating financial forecasting and planning uncertainties. **(Priority #4)**
- 2.2 Geo-political instability, including fall-out from and expansion of conflicts eg the Middle East, the US Elections, Ukraine / Russia, relationships with China, North Korea aggression, terror organisations etc and the influence on society. **(Priority #5)**
- 8.1 Tick box governance – ‘Don’t walk the talk’. Lack of transparency in decision making, conflicts of interest justified, and loss of accountability. **(Priority #5)**
- 3.1 Engaging effectively with the Green Agenda including lack of finance and resources to commit to the environment and sustainability. Ability to meet green agenda targets (coupled with potential for Green Washing). **(Priority #6)**



## Keep monitoring

- 1.1 Availability and effectiveness of public services are reduced due to under investment, lack of resources and increased demand from the public. **(Priority #7)**
- 5.3 Reduced competition in the market – several dominant players creating less suppliers and less buyers, and overall reduced markets. **(Priority #7)**
- 6.2 Availability of supplies leading to increased costs across all ranges of materials. **(Priority #7)**
- 8.2 Maintaining board member capacity and capability - fitness for future, including availability of non-executives for appointment and hold modern world insights. **(Priority #8)**

## Worth watching

- 2.3 Ability to effectively respond to new legislation - legislation and regulation being rushed, not thought through and used by government to create change (with out-of-date regulators). **(Priority #9)**
- 1.3 Societal tensions stemming from, by example, racial, ethnicity, diversity, wealth, age, and cultural extremes. **(Priority #9)**
- 1.2 Increasing awareness of mental health and physical well-being issues stemming from post pandemic fall-out, increasing poverty, access to and quality of housing eg damp and mould hazards. Impacting on public services and employers. **(Priority #10)**
- 3.2 Increasing weather pattern shifts / extreme weather impacting the UK (and globally) – storms, floods, temperature changes impacting supplies and productivity . **(Priority #11)**



# Emerging Risk Radar January 2024

## Societal and Community

- 1.1 Availability and effectiveness of public services are reduced. **(Priority #7)**
- 1.2 Increasing awareness of mental health and physical well-being issues. **(Priority #10)**
- 1.3 Societal tensions stemming from, by example, racial, ethnicity, diversity, wealth, age, and cultural extremes. **(Priority #9)**

## Political, Policy and Regulation

- 2.1 Change in government and political instability. **(Priority #1)**
- 2.2 Geo-political instability, including fall-out from and expansion of conflicts and the influence on society. **(Priority #5)**
- 2.3 Ability to effectively respond to new legislation. **(Priority #9)**

## Governance

- 8.1 Tick box governance – ‘Don’t walk the talk’. Lack of transparency in decision making, conflicts of interest justified, and loss of accountability. **(Priority #5)**
- 8.2 Maintaining board member capacity and capability – fitness for future. **(Priority #8)**

## Environmental

- 3.1 Engaging effectively with the Green Agenda including lack of finance and resources to commit to the environment and sustainability. **(Priority #6)**
- 3.2 Increasing weather pattern shifts / extreme weather impacting the UK (and globally). **(Priority #11)**

## Economic and Financial

- 6.1 Shifts in inflation, interest rates, salaries and wages, energy costs. **(Priority #4)**
- 6.2 Availability of supplies leading to increased costs across all ranges of materials. **(Priority #7)**

## Technological

- 4.1 Cyber-attacks increasing in frequency and complexity. **(Priority #4)**
- 4.2 Impact of artificial intelligence both positive and negative implications. **(Priority #4)**

## People Resources

- 7.1 Shortages in skills and experience - reduced investment in staff development, temporary contracts more frequent, reduced pool of skilled staff with movement between employers and increasing lack of commitment to longer term career. **(Priority #2)**

## Commercial

- 5.1 Economic slow-down resulting from reduction in income through reduced spending. **(Priority #3)**
- 5.2 Reduced investment in research and development due to macro-economic conditions. **(Priority #4)**
- 5.3 Reduced competition in the market. **(Priority #7)**



# Risk movement and direction of travel

We identify the emerging risk themes where there has been movement since summer 2023.

|     |   |     |     |  |     |
|-----|---|-----|-----|--|-----|
| 2.1 | Change in government and political instability. (Priority #1)   | ➤   | 1.1 | Availability and effectiveness of public services are reduced. (Priority #7)   | New |
| 7.1 | Shortages in skills and experience - reduced investment in staff development, temporary contracts more frequent, reduced pool of skilled staff with movement between employers and increasing lack of commitment to longer term career. (Priority #2) | ➤   | 5.3 | Reduced competition in the market. (Priority #7)   | ➤   |
| 5.1 | Economic slow-down resulting from reduction in income through reduced spending. (Priority #3)   | ➤   | 6.2 | Availability of supplies leading to increased costs across all ranges of materials. (Priority #7)                            | ➤   |
| 5.2 | Reduced investment in research and development due to macro-economic conditions. (Priority #4)  | New | 8.2 | Maintaining board member capacity and capability – fitness for future. (Priority #8)   | New |
| 4.1 | Cyber-attacks increasing in frequency and complexity. (Priority #4)   | ➤   | 2.3 | Ability to effectively respond to new legislation. (Priority #9)   | ➤   |
| 4.2 | Impact of artificial intelligence both positive and negative implications. (Priority #4)  | ➤   | 1.3 | Societal tensions stemming from, by example, racial, ethnicity, diversity, wealth, age, and cultural extremes. (Priority #9) | ➤   |
| 6.1 | Shifts in inflation, interest rates, salaries and wages, energy costs. (Priority #4)  | ➤   | 1.2 | Increasing awareness of mental health and physical well-being issues. (Priority #10)   | ➤   |
| 2.2 | Geo-political instability, including fall-out from and expansion of conflicts and the influence on society. (Priority #5)   | ➤   | 3.2 | Increasing weather pattern shifts / extreme weather impacting the UK (and globally). (Priority #11)                          | New |
| 8.1 | Tick box governance – lack of transparency in decision making, conflicts of interest justified, and loss of accountability. (Priority #5)   | ➤   |     |  |     |
| 3.1 | Engaging effectively with the Green Agenda including lack of finance and resources to commit to the environment and sustainability. (Priority #6)   | ➤   |     |  |     |

Direction of travel

- Consistent
- Increasing
- Decreasing

# Emerging Risk Radar July 2023 Recap

## Societal and Community

- 1.1 Societal changes – including increasing poverty, crime, influencers, extremes creating new stakeholder pressures. **(Priority #6)**
- 1.2 A further pandemic and implications there on, as well as knock on effects of Covid-19 pandemic. **(Priority #14)**
- 1.3 Resilience of individuals, ensuring on-going well-being, including mental and physical health. **(Priority #15)**

## Governance

- 8.1 Governance status undermined by behaviours, actions, comments or decisions made which may not be appropriate / transparent associated with board members, business leaders, staff and individuals or by associated organisations. **(Priority #11)**

## Economic and Financial

- 6.1 Inflation and effects of increasing costs of services on business and individuals. **(Priority #2)**
- 6.2 Reductions in funding and likely less spending by UK government impacting business. **(Priority #3)**
- 6.3 Fuel and energy crisis – access to and availability of energy and increasing costs **(Priority #12)**

## People Resources

- 7.1 Labour availability (experienced and skilled) – being able to recruit, develop and retain the right staff. **(Priority #4)**

## Political, Policy and Regulation

- 2.1 Political instability resulting in change in political priorities, policy changes and reform. **(Priority #1)**
- 2.2 Geo-political tensions, including fall-out from the war in Ukraine and splinter territory conflicts in the same region (central and eastern Europe), coupled with potential for escalation of conflicts involving China and North Korea. **(Priority #5)**
- 2.3 Increasing levels of legislation and regulation affecting businesses. **(Priority #13)**

## Environmental

- 3.1 Climate change and sustainability implications both positive, eg opportunity to fully embrace green agenda and leverage off this and negative, eg greenwashing and costs of meeting targets. **(Priority #9)**

## Technological

- 4.1 Cyber-attacks – increasingly more aggressive and more frequent. **(Priority #7)**
- 4.2 Keeping up and taking advantage of advances in technology (versus cost of investment) including use of artificial intelligence. **(Priority #8)**

## Commercial

- 5.1 Deterioration in supply chains – challenges in ensuring continuity and quality in an extended supply chain. **(Priority #10)**



## Further information

### Insight4GRC™

RSM's Governance, Risk Management and Compliance Digital Solution.

4risk: <https://youtu.be/12NyJhSNK3o>

4action: <https://youtu.be/xEuFSwzbzvw>

4policies: <https://youtu.be/ufXYt1juwhA>

4questionnaires: <https://youtu.be/NW17EoRJsjs>



[www.insight4grc.com](http://www.insight4grc.com)

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**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**



## **Governance and Audit Committee**


13 March 2024

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

## **Strategic Risk Register**

### **Report Author**

Tracey Elliott, Governance & Risk Officer

 [tracey.elliott@southkesteven.gov.uk](mailto:tracey.elliott@southkesteven.gov.uk)

### **Purpose of Report**

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

### **Recommendations**

**Governance and Audit Committee is asked to approve:**

- 1. The updated and revised Strategic Risk Register.**

### **Decision Information**

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

No

What are the relevant corporate priorities?

High performing Council

Which wards are impacted?

All

## **1. Implications**

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

### ***Finance and Procurement***

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

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

### ***Legal and Governance***

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

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

### ***Risk and Mitigation***

- 1.3 These are contained within the report.

Completed by: Tracey Elliott, Governance and Risk Officer

## **2. Background to the Report**

- 2.1 One of the key areas for Governance and Audit Committee, as part of its terms of reference, is to monitor and review the risk management arrangements in place and the activities that are being undertaken to mitigate those risks. In accordance with Governance and Audit Committee's workplan the Strategic Risk Register will be presented to Committee twice a year for review.
- 2.2 The Strategic Risk Register was last reviewed by the Committee at its meeting on 29 November 2023 where an updated draft risk register was presented which detailed the proposed strategic risks along with the potential key causes of each of the risks and possible effects if realised.
- 2.3 A follow up workshop was facilitated by RSM on 7 February 2024 with the Corporate Management Team and Assistant Directors to review the draft strategic risks to ensure they remain reflective of the risks facing the Council at the present time. As part of the workshop existing key controls and mitigations for the proposed strategic risks were identified and based on this information the residual risks were reassessed and rescored where required.

- 2.4 A number of actions were identified during the workshop discussion and further actions will be identified as part of the ongoing review.
- 2.5 During the debate it was agreed that two risks (referenced below) were a duplication of other risks as the controls would be the same and therefore these risks were removed:
- Failure to innovate and explore new ways of working and doing things (previously Risk 10), this is incorporated into Risk 7
  - Unable to effectively achieve regeneration of communities (previously Risk 16), this is incorporated into Risks 8 and 12
- 2.6 The risks that have been reassessed and rescored are as follows:
- **Strategic Risk 6: Unable to maintain and build sufficient staffing capacity and capability** – Impact increased to from 2 to 3
  - **Strategic Risk 7: Failure to explore digital transformation of Council services** – Impact and Likelihood both increased to from 2 to 3
  - **Strategic Risk 8: Not maintaining and developing fruitful partnerships and collaborations** – Impact increased from 2 to 3
  - **Strategic Risk 9: #TeamSK values/culture are not lived** – Impact increased to from 2 to 3
  - **Strategic Risk 11: Not sufficiently engaging with and leveraging the green agenda** – Likelihood increased to from 1 to 2
  - **Strategic Risk 15: Unable to effectively respond to changes in political priorities** – Impact increased from 3 to 4
- 2.7 Each risk has also been assigned the relevant corporate priority it relates to following the approval of the 2024-27 Corporate Plan.

### **Next steps**

- 2.8 The existing key controls and mitigations will be assessed for effectiveness, and actions will be identified, and the register will be presented to Committee at its meeting in September 2024.

## **3. Key Considerations**

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

## **4. Other Options Considered**

- 4.1 None.

## **5. Reasons for the Recommendations**

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

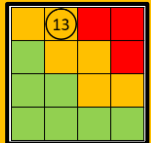
## **6. Background Papers**

- 6.1 [Strategic Risk Register – November 2023](#)  
[Appendix A – Draft Strategic Risk Register – November 2023](#)

## **7. Appendices**

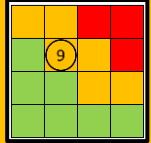
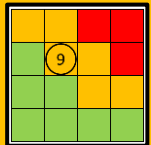
- 7.1 Appendix A – Draft Strategic Risk Register.

# Appendix A – Draft Strategic Risk Register – March 2024

| Strategic Risk Description<br><i>(not listed by priority)</i>  | Potential key causes of the strategic risk and possible effects if realised  | Existing Key Controls & Mitigations   | Residual score   | Actions   |
|--|--|---|--|---|
| <p><b>1. Successful/serious cyber security attack on the Council</b></p> <p><i>Note:</i><br/>This would be a failing on the part of the Council to ensure that its cyber security arrangements remain effective and fit for purpose</p> <p style="text-align: center;">Corporate priority<br/><b>Effective Council</b></p> | <p>Potential causes:</p> <ul style="list-style-type: none"> <li>• Lack of effective cyber security policy and procedures (out of date, not communicated, not understood)</li> <li>• Lack of relevant and timely training relating to cyber security</li> <li>• Lack of clarity in roles and responsibilities relating to cyber security</li> <li>• Cyber security culture not bought into</li> <li>• Insecure digital systems and records (Council and third-party providers)</li> </ul> <p>Possible effects:</p> <ul style="list-style-type: none"> <li>• Inability to access systems – unable to deliver services</li> <li>• Data compromised – potential harm to individual/ICO fine</li> <li>• Investigation and rectification costs</li> <li>• Council reputation damage</li> </ul> | <ul style="list-style-type: none"> <li>– Up to date and effective IT and Cyber Security Policy in place which is reviewed annually and is communicated to staff who are required to read and accept the policy before using organisation systems</li> <li>– Cyclical mandated IT and cyber security training provided to all staff</li> <li>– Elected Member cyber security training</li> <li>– Defined roles and responsibilities in relation to cyber security with an IT security lead</li> <li>– Regular communications, reminders, and updates to staff in connection with cyber risk</li> <li>– Programme for continuous updating/ installation of software (including firewall) and new hardware etc</li> <li>– Regular reporting and monitoring of IT security/cyber incidents and remedial plans produced and actioned</li> <li>– Engagement with national organisations to ensure ongoing learning of threats and prevention</li> </ul> | <p>Likelihood 2<br/>x<br/>Impact 4<br/>=<br/>High 13</p>  | <p>Explore engaging random testing on specific systems for the purpose of identifying weaknesses in the Council IT defences</p> |
| <p><b>2. Serious safeguarding failure by the Council</b></p> <p><i>Note:</i> This would be a failing on the part of the Council to ensure that its safeguarding arrangements remain effective and fit for purpose</p>  | <p>Potential causes:</p> <ul style="list-style-type: none"> <li>• Lack of effective safeguarding policy and procedures (out of date, not communicated, not understood)</li> <li>• Lack of relevant and timely training relating to safeguarding</li> </ul>   | <ul style="list-style-type: none"> <li>– Safeguarding policy and procedure in place which are communicated, accepted, and understood by staff</li> <li>– Cyclical and mandated staff safeguarding training</li> <li>– Safeguarding leads in place</li> </ul>  | <p>Likelihood 2<br/>x<br/>Impact 3<br/>=<br/>High 9</p>  | <p>Safeguarding policy in progress of being updated</p> <p>Introduce monitoring of safeguarding training completeness for</p>   |

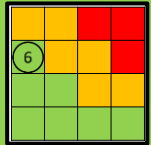
# Appendix A – Draft Strategic Risk Register – March 2024

76

| Strategic Risk Description<br><i>(not listed by priority)</i>   | Potential key causes of the strategic risk and possible effects if realised   | Existing Key Controls & Mitigations  | Residual score  | Actions  |
|---|---|--|---|--|
| <p>Corporate priority<br/><b>Effective Council</b></p>  | <ul style="list-style-type: none"> <li>Lack of clarity in safeguarding roles and responsibilities</li> <li>Safeguarding culture not bought into</li> <li>Poorly maintained systems and records</li> </ul> <p><i>(Reliance on volunteers in some areas increases the likelihood of above)</i></p> <p>Possible effects:</p> <ul style="list-style-type: none"> <li>Harm to service use</li> <li>Investigation and rectification costs</li> <li>Council reputation damage</li> <li>Regulatory intervention</li> </ul>  | <ul style="list-style-type: none"> <li>– DBS checks when required undertaken in connection with staff and contractors</li> <li>– Defined roles and responsibilities in relation to safeguarding included in job descriptions</li> <li>– Physical deterrents including secure sites eg perimeter fencing, CCTV, site security and access to sites by authorised staff</li> <li>– Monthly reporting on safeguarding to Statutory Officers Group</li> <li>– Safeguarding annual report with continuous improvement plan</li> <li>– County Council S11 independent audit to validate safeguarding arrangements with outcomes reported to Governance &amp; Audit Committee</li> </ul> |    | <p>purpose of identifying outliers (both officers and members)</p> |
| <p>3. Serious health, safety, and well-being failure by the Council</p> <p><i>Note: This would be a failing on the part of the Council to ensure that its health, safety, and well-being arrangements remain effective and fit for purpose</i></p> <p>Corporate priority<br/><b>Effective Council</b></p> | <p>Potential causes:</p> <ul style="list-style-type: none"> <li>Lack of effective application of health, safety and well-being policies and procedures (out of date, not communicated, not understood)</li> <li>Lack of relevant and timely training relating to health, safety and well-being</li> <li>Lack of clarity in health, safety and well-being roles and responsibilities</li> <li>Health, safety and well-being culture not bought into</li> <li>Lack of effective health, safety and well-being risk assessment</li> <li>Poorly maintained systems and records</li> </ul> | <ul style="list-style-type: none"> <li>– Corporate Health &amp; Safety Policy and procedures in place which is accessible via intranet and included as part of induction for all new starters</li> <li>– Health &amp; Safety Manager in post to provide safety advice and coordinate health and safety activities ie policy, procedures, communications, initiatives etc</li> <li>– Roles and responsibilities defined within the Health &amp; Safety Policy</li> <li>– Health &amp; Safety annual report to Governance &amp; Audit Committee</li> </ul>   | <p>Likelihood 2<br/>x<br/>Impact 3<br/>=<br/>High 9</p>  |  |

# Appendix A – Draft Strategic Risk Register – March 2024

77

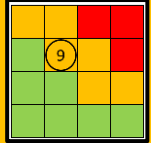
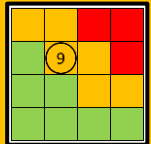
| Strategic Risk Description<br><i>(not listed by priority)</i>                                     | Potential key causes of the strategic risk and possible effects if realised  | Existing Key Controls & Mitigations   | Residual score  | Actions |
|---|--|---|---|---------|
|   | <p>Possible effects:</p> <ul style="list-style-type: none"> <li>• Harm to service user/staff member/visitor etc</li> <li>• Investigation and rectification costs (including potential fines)</li> <li>• Council reputation damage</li> </ul>   | <ul style="list-style-type: none"> <li>– Health &amp; Safety monthly report presented to Statutory Officers Group</li> <li>– Monthly meetings with Chief Executive and Health &amp; Safety Manager</li> <li>– Health &amp; Safety Manager communicates important issues to Senior Leadership Team for their consideration and agreement of action necessary</li> <li>– Service and activity risk assessments undertaken across the Council by managers and cyclically reviewed annually (as a minimum)</li> <li>– Monthly housing compliance review and reporting to ensure embeddedness of safety and wellbeing arrangements for tenants</li> <li>– Exercise with Caution List maintained and subject to regular review</li> <li>– Programme of Health &amp; Safety audits with outcomes reported and actions monitored</li> </ul> |   |         |
| <p>4. Ineffective financial management</p> <p>Corporate priority<br/><b>Effective Council</b></p> | <p>Potential causes:</p> <ul style="list-style-type: none"> <li>• Increasing costs (out of controls) eg energy, supplies etc, or unforeseen financial event – major repair cost or fraud loss</li> <li>• Poor financial planning and budgetary control</li> <li>• Weak financial controls – financial procedures are out of date, not</li> </ul> | <ul style="list-style-type: none"> <li>– Financial Regulations (and Contract Procedure Rules) in place and regularly reviewed and updated</li> <li>– Medium Term Financial Plan supported by relevant policies</li> <li>– Monthly financial reports including assessment/discussion of financial position produced and presented at CMT</li> <li>– Financial training for all finance staff and budget holders</li> </ul>   | <p>Likelihood 1<br/>x<br/>Impact 3<br/>=<br/>Medium 6</p>  |         |

## Appendix A – Draft Strategic Risk Register – March 2024

| Strategic Risk Description<br>(not listed by priority)  | Potential key causes of the strategic risk and possible effects if realised  | Existing Key Controls & Mitigations  | Residual score  | Actions   |
|---|--|--|---|---|
|   | <p>communicated, not understood, not followed</p> <ul style="list-style-type: none"> <li>• Lack of clarity in roles and responsibilities relating to financial management</li> <li>• Poorly maintained systems and records</li> </ul> <p>Possible effects:</p> <ul style="list-style-type: none"> <li>• Council financial stability threatened</li> <li>• Council plans stifled</li> <li>• Council reputation damage</li> <li>• Qualified Audit Opinion</li> </ul> | <ul style="list-style-type: none"> <li>– Scheme of Delegation in place and transparency in ODD reporting</li> <li>– Service management monthly budget management routines including meetings with finance team as required</li> <li>– Statutory Officer review of committee reports for financial implications including commentary as appropriate</li> <li>– Quarterly report to Finance and Economic OSC and Cabinet</li> <li>– Annual Budget Joint Overview &amp; Scrutiny Committee</li> <li>– Experienced finance team including procurement officer and support from Welland Procurement Partnership</li> <li>– Internal audit plan adopted by Governance &amp; Audit Committee and monitored</li> <li>– Annual Governance Statement production and publication</li> <li>– Annual financial statements produced and signed off by CMT (and subject to external audit – unqualified opinion)</li> </ul> |   |   |
| <p>5. Unable to maintain and build quality and consistency in service provision by the Council</p> <p><i>Context:</i></p> | <p>Potential causes:</p> <ul style="list-style-type: none"> <li>• Inadequate operating environment – outdated materials, technology, buildings etc</li> <li>• Lack of (loss of) knowledge and experience in those involved in service provision</li> <li>• Deficiencies in service delivery and poor performance not being addressed</li> </ul>  | <ul style="list-style-type: none"> <li>– Development and improvement plans in place with SMART KPIs</li> <li>– Regular consideration of partnerships and collaborations to improve quality and consistency of service provision, with a Partnership Register in place (see Risk 8 partnership and collaboration risk)</li> </ul>   | <p>Likelihood 2<br/>x<br/>Impact 3<br/>=<br/>High 9</p> | <p>Create visibility of LGA Peer review action plans for purpose of oversight and continued monitoring and tracking</p> |

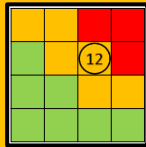
# Appendix A – Draft Strategic Risk Register – March 2024

79

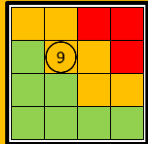
| Strategic Risk Description<br><i>(not listed by priority)</i>  | Potential key causes of the strategic risk and possible effects if realised   | Existing Key Controls & Mitigations   | Residual score  | Actions |
|--|---|---|---|---------|
| <p><i>The Council has recently emerged from a housing regulatory intervention</i></p> <p>Corporate priorities<br/><b>Effective Council Housing</b></p>   | <ul style="list-style-type: none"> <li>• Development and improvement plans not fit for future (coupled with lack of effective measurement SMART KPIs, monitoring and reporting)</li> <li>• Lack of innovation with regards to provision of services (lack of innovation culture)</li> </ul> <p>Possible effects:</p> <ul style="list-style-type: none"> <li>• Sub-optimal outcomes and experiences for service users</li> <li>• Negative regulatory outcome</li> <li>• Loss of confidence in the Council amongst stakeholders/reputation damage</li> </ul>  | <ul style="list-style-type: none"> <li>– Links with other local authorities/forums for knowledge sharing/identification of what others are doing differently and innovatively</li> <li>– Review Corporate Complaints for lessons learned</li> <li>– Annual service planning, aligned with budget and financial planning</li> <li>– Corporate project planning</li> <li>– Business continuity planning</li> <li>– Action plans developed to address identified poor service/service failures</li> <li>– Succession Planning</li> </ul>   |    |         |
| <p><b>6. Unable to maintain and build sufficient staffing capacity and capability</b></p> <p><i>Context:<br/>The Council is currently experiencing recruitment challenges in Housing and Building Control</i></p> <p>Corporate priority<br/><b>Effective Council</b></p> | <p>Potential causes:</p> <ul style="list-style-type: none"> <li>• Recruitment – the Council doesn't know what skills and experiences are required</li> <li>• Recruitment – competition in the marketplace for candidates to fill vacancies</li> <li>• Recruitment – the Council is not seen as sufficiently attractive as an employer (image and profile, rewards and benefits, culture, and values etc)</li> <li>• Recruitment – lack of quality candidates to recruit</li> <li>• Retention – lack of personal/career development, progression, and succession opportunities</li> <li>• Retention – the Council culture and behaviours are not bought into (for various reason)</li> </ul> | <ul style="list-style-type: none"> <li>– HR/People/Recruitment Strategy in place and monitored by Employment Committee</li> <li>– All vacant and new posts subject to a business case and challenged to review if the post is still required at the requested grade prior to progression</li> <li>– Alternative service provision options considered/explored as appropriate eg buying in services/sharing posts etc</li> <li>– Job evaluation scheme with regular review of market conditions</li> <li>– Regular JCNC meetings</li> <li>– Employee Assistance Programme in place</li> <li>– Internal development through training and apprenticeships</li> </ul> | <p>Likelihood 2<br/>x<br/>Impact 3<br/>=<br/>High 9</p>  |         |

# Appendix A – Draft Strategic Risk Register – March 2024

88

| Strategic Risk Description<br><i>(not listed by priority)</i>  | Potential key causes of the strategic risk and possible effects if realised   | Existing Key Controls & Mitigations   | Residual score   | Actions  |
|--|---|---|--|--|
|  | <ul style="list-style-type: none"> <li>Retention – more attractive employment elsewhere</li> <li>Retention – poor performance goes unchecked – not identified and not addressed</li> </ul> <p>Possible effects:</p> <ul style="list-style-type: none"> <li>Inconsistencies or deterioration in quality of service/provision</li> <li>Deterioration in service user/stakeholder experience and outcomes</li> <li>Inefficiency/increased costs experienced</li> </ul>   | <ul style="list-style-type: none"> <li>Corporate training plan in place with focus on middle managers for upskilling and training</li> <li>Talent Management Strategy</li> <li>Succession Planning</li> <li>Employment Committee receive quarterly HR dashboard data</li> <li>Annual appraisal and staff development plans in place for all staff completion and outcomes subject to monitoring and review</li> <li>Annual staff survey with outcomes reported to the Employment Committee</li> <li>Equality &amp; Diversity/gender pay gap assessment</li> </ul> |  |  |
| <p>7. Failure to explore digital transformation of Council Services</p> <p>Corporate priority<br/><b>Effective Council</b></p> | <p>Potential causes:</p> <ul style="list-style-type: none"> <li>No clear/consistent technology development and transformation strategy at the Council</li> <li>No visibility of technology activities, application, and use (no embedded technology change culture)</li> <li>No (or unreliable) mechanism to measure value generated at the Council through use of technology</li> <li>Lack of capacity and capability in connection technology and digital provision</li> <li>Lack of budget available to invest in future technologies</li> </ul> | <ul style="list-style-type: none"> <li>Business Development Plan for key projects</li> <li>Option appraisal</li> <li>Post implementation reviews undertaken to identify benefits realised</li> <li>Customer access strategy including up to date website with online communications channel</li> </ul>  | <p>Likelihood 3<br/>x<br/>Impact 3<br/>=<br/>High 12</p>  | <p>Develop a Council wide digital vision and transformation strategy</p> <p>Linked to above - undertake Council wide assessment of digital capacity and capability</p> |

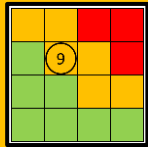
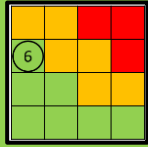
# Appendix A – Draft Strategic Risk Register – March 2024

| Strategic Risk Description<br><i>(not listed by priority)</i>   | Potential key causes of the strategic risk and possible effects if realised   | Existing Key Controls & Mitigations  | Residual score  | Actions |
|---|---|--|---|---------|
|   | <p>Possible effects:</p> <ul style="list-style-type: none"> <li>• Sub-optimal service provision by the Council</li> <li>• Reduced service users experience</li> <li>• Inefficiency experienced – technology not used/not used to its full potential</li> </ul>  |  |   |         |
| <p><b>8. Not maintaining and developing fruitful partnerships and collaborations</b></p> <p><i>Context:</i><br/> <i>The Council is involved with many partnerships, as lead or participant. These are a key component of successful service delivery (Risk 5). Ahead the devolution deal will lead to a review of these arrangements and where appropriate an expansion of partnership working. Leading up to devolution there will be a review of the control environment to ensure it is fit for purpose.</i></p> <p>Corporate priority<br/> <b>Effective Council</b></p> | <p>Potential causes:</p> <ul style="list-style-type: none"> <li>• No clear or up to-date strategy or mandate re exploring, identification and engagement with other agencies to collaborate and partner with</li> <li>• Lack of reliable measures and assessment of outcomes (return on investment) from partnerships and collaborations</li> <li>• Lack of Council resources, capacity, and capability to create and sustain effective collaborations and partnerships with businesses and other agencies</li> </ul> <p>Possible effects:</p> <ul style="list-style-type: none"> <li>• Resource waste – poor VFM</li> <li>• Sub-optimal outcomes for the Council</li> <li>• Reduced profile of the Council amongst key stakeholders</li> </ul> | <ul style="list-style-type: none"> <li>– Collaboration/partnership strategy agreed by Cabinet</li> <li>– Partnership Register maintained</li> <li>– Member appointment to Board of partnership where appropriate</li> <li>– SMART Key Performance Indicators in place in relation to collaborations and partnerships with regular monitoring and reporting, with action plans being taken to address issues</li> <li>– Budgeting accommodates partnerships/ collaborations</li> <li>– Existing partnerships and collaborations identified and are subject to review to ensure that they are effective including governance structure</li> <li>– Partnership and collaboration agreements in place and are subject to regular review</li> </ul> | <p>Likelihood 2<br/> x<br/> Impact 3<br/> =<br/> High 9</p>  |         |

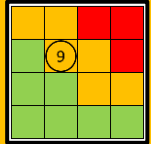
81

# Appendix A – Draft Strategic Risk Register – March 2024

82

| Strategic Risk Description<br><i>(not listed by priority)</i>   | Potential key causes of the strategic risk and possible effects if realised  | Existing Key Controls & Mitigations  | Residual score  | Actions   |
|---|--|--|---|---|
| <p>9. #TeamSK values/culture are not lived</p> <p>Corporate priority<br/><b>Effective Council</b></p>   | <p>Potential causes:</p> <ul style="list-style-type: none"> <li>• Behavioural expectations are not clearly set out (not communicated or recognised)</li> <li>• Lack of measurement with regards to Council culture</li> <li>• Lack of organisation development capacity and capability re culture</li> <li>• Poor performance and behaviours are not tackled/good performance not recognised and celebrated</li> </ul> <p>Possible effects:</p> <ul style="list-style-type: none"> <li>• Reduced quality of provision – poor service user experience and lack of innovation</li> <li>• Weakened governance – the Council make poor decisions</li> <li>• Staff dissatisfaction</li> <li>• Sub-optimal delivery and achievement of the Council plans</li> <li>• Reputation damage</li> </ul> | <ul style="list-style-type: none"> <li>– Behavioural expectations clearly set out</li> <li>– Staff and Member Codes of Conduct in place</li> <li>– Staff annual engagement survey</li> <li>– Staff job descriptions and appraisals include values and behaviours</li> <li>– Organisational Development plan</li> <li>– Equality, Diversity, and Inclusion Strategy</li> <li>– Review of the SK Values</li> <li>– Effective People Panel</li> <li>– Back to the floor services by senior officers</li> <li>– Annual staff recognition awards</li> <li>– Monthly ‘All Hands Call’</li> </ul> | <p>Likelihood 2<br/>x<br/>Impact 3<br/>=<br/>High 9</p>      | <p>Create increased visibility of #TeamSK within the Council</p> <p>Undertake review and update of the Staff and Members’ code of conduct</p> |
| <p>10. Unable to meet requirements of new regulations and legislation affecting the Council</p> <p><i>Note: Examples given were Environment Bill, Planning Act and recent Elections Act</i></p> | <p>Potential causes:</p> <ul style="list-style-type: none"> <li>• Lack of awareness or visibility of emerging/new regulations and legislation</li> <li>• Ineffective (untimely) interpretation to enable understanding of requirements and implications</li> <li>• Lack of communications/learning and development to meet new requirements across the Council</li> <li>• Ineffective response plans – what, how, who and when</li> </ul>  | <ul style="list-style-type: none"> <li>– Legal Department undertake regular horizon scanning for new legislation</li> <li>– Monitoring Officer in place and effective</li> <li>– Regular reporting on breaches of legislation/regulations produced by Monitoring Officer</li> <li>– Attendance at events (CIPFA, AEA, ADSO, SOLACE/LGA)</li> </ul>   | <p>Likelihood 1<br/>x<br/>Impact 3<br/>=<br/>Medium 6</p>  |   |

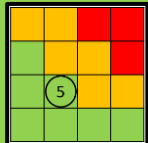
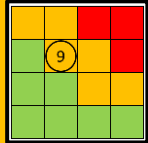
# Appendix A – Draft Strategic Risk Register – March 2024

| Strategic Risk Description<br><i>(not listed by priority)</i>   | Potential key causes of the strategic risk and possible effects if realised   | Existing Key Controls & Mitigations  | Residual score  | Actions |
|---|---|--|---|---------|
| <p>Corporate priority<br/><b>Effective Council</b></p>  | <ul style="list-style-type: none"> <li>Ineffective response – lack of resources, knowledge and experience, funding etc</li> </ul> <p>Possible effects:</p> <ul style="list-style-type: none"> <li>Ultra vires activities – the Council could be subject to legal challenge</li> <li>Deterioration in quality of services</li> <li>Council reputation damage</li> </ul>  | <ul style="list-style-type: none"> <li>LGA links and APSE wider networks used to raise awareness of legislative and regulatory changes</li> <li>Daily briefing from the DLUHC</li> <li>OFLOG data set review to identify where the Council may be an outlier</li> </ul>  |   |         |
| <p>11. Not sufficiently engaging with and responding to climate change</p> <p>Corporate priority:<br/><b>Sustainable South Kesteven</b></p> | <p>Potential causes:</p> <ul style="list-style-type: none"> <li>No clear sustainability strategy and plan for the Council (or lack of commitment to plans in place)</li> <li>No visibility of sustainability activities or mechanism to measure sustainability value provided by the Council</li> <li>Lack of capacity and capability available in connection with sustainability</li> <li>The Council do not prioritise the green agenda/sustainability – it is not core to decision making, communications etc</li> <li>Lack of budget commitment to the green agenda/sustainability</li> </ul> <p>Possible effects:</p> <ul style="list-style-type: none"> <li>Sub optimal value from sustainability being realised by the Council</li> <li>Loss of Council profile amongst stakeholders and partners – reputation damage</li> <li>Inefficiency experienced</li> </ul> | <ul style="list-style-type: none"> <li>Dedicated climate change reserve within budget for the purpose of funding climate/carbon reduction initiatives</li> <li>Climate change strategy</li> <li>Carbon Reduction Plan in place and monitored by Environment Committee</li> <li>Maximise external funding SHDF etc</li> <li>Local plan policies to support climate change response/mitigation</li> <li>Intranet includes climate change updates and information to raise staff awareness, communicate progress of initiatives and advice/best practice</li> <li>Regular report to Environment Committee on progress of response to climate emergency as part of a detailed work programme</li> <li>Environment Overview &amp; Scrutiny Committee</li> </ul> | <p>Likelihood 2<br/>x<br/>Impact 3<br/>=<br/>High 9</p>  |         |

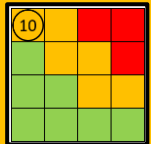
83

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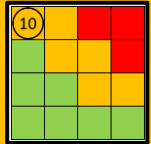
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| Strategic Risk Description<br>(not listed by priority)   | Potential key causes of the strategic risk and possible effects if realised  | Existing Key Controls & Mitigations  | Residual score  | Actions   |
|--|--|--|---|---|
| <p>12. Not effectively engaging with our key external stakeholders</p> <p>Corporate priority:<br/><b>Enabling Economic Opportunity</b></p> | <p>Potential causes:</p> <ul style="list-style-type: none"> <li>The Council has not determined its key stakeholders</li> <li>Insufficient channels, systems, and process through which to collate, assess stakeholder intelligence (coupled with ineffective monitoring, reporting and responding by the Council)</li> <li>Lack of forward planning, prioritisation, and agility to make changes required as a result of stakeholder engagement</li> <li>Ineffective communications, marketing, and publicity – function, systems, process and platforms</li> </ul> <p>Possible effects:</p> <ul style="list-style-type: none"> <li>Stakeholders interests not best served</li> <li>Erosion of confidence in the Council</li> <li>Lack of learning – unable to exploit opportunities arising and poor performance remains invisible</li> </ul> | <ul style="list-style-type: none"> <li>Local Economic Forum</li> <li>Engagement of SK Team with key partnerships</li> <li>Community engagement strategy</li> <li>Community consultation framework adopted</li> <li>Community engagement plan in place</li> <li>External communications plans including digital comms (web site and social media)</li> <li>Youth Council</li> <li>CEO/Directors/Cabinet/Members networking</li> </ul> | <p>Likelihood 2<br/>x<br/>Impact 2<br/>=<br/>Medium 5</p>  | <p>Review service plans to identify key stakeholders along with method of engagement</p> <p>Use outputs from above to develop stakeholder map</p> |
| <p>13. Governance failure</p> <p>Corporate priority<br/><b>Effective Council</b></p>   | <p>Potential causes:</p> <ul style="list-style-type: none"> <li>Lack of clearly defined committee structure and procedures, including terms of reference to support effective decision making and scrutiny</li> <li>Behavioural expectations of members (eg adherence with the Nolan Principles/Standards in Public Life) are not clearly set out (not communicated or recognised) This is currently heightened</li> </ul>   | <ul style="list-style-type: none"> <li>Up to date Constitution in place (and subject to regular review)</li> <li>Clearly defined committee structure in place</li> <li>Up to date Terms of Reference for all committees</li> <li>Member and Officer Scheme of delegation in place</li> </ul>   | <p>Likelihood 2<br/>x<br/>Impact 3<br/>=<br/>High 9</p>  |   |

## Appendix A – Draft Strategic Risk Register – March 2024

| Strategic Risk Description<br>(not listed by priority)   | Potential key causes of the strategic risk and possible effects if realised  | Existing Key Controls & Mitigations  | Residual score   | Actions   |
|--|--|--|--|---|
|  | <p>due to a large number of new members following recent elections</p> <ul style="list-style-type: none"> <li>• Lack of governance measurement – ineffective processes, non-adherence and poor behaviours go unidentified/not tackled</li> <li>• Lack of member development programme</li> </ul> <p>Possible effects:</p> <ul style="list-style-type: none"> <li>• Ineffective/inefficient decision making</li> <li>• Illegality</li> <li>• Stakeholder dissatisfaction</li> <li>• Local democracy undermined - reputation damage</li> </ul> | <ul style="list-style-type: none"> <li>– Governance training provided at induction and cyclical updates, including standards in public life</li> <li>– Committee effectiveness assessment (annually). Action plans developed to address areas of concern</li> <li>– Committee chairs are sufficiently experienced and trained to fulfil role</li> <li>– Up to date policies and procedures including compliance which are subject to cyclical review and are communicated to staff (and accepted)</li> <li>– Council decisions published</li> <li>– The Annual Governance Statement compilation and review</li> </ul> <p>Note: Recent internal audit review of Governance (substantial opinion provided)</p> |  |   |
| <p>14. Significant fraud/theft successfully committed against the Council</p> <p>Corporate priority<br/><b>Effective Council</b></p> | <p>Potential causes:</p> <ul style="list-style-type: none"> <li>• Lack of effective anti/counter fraud (theft and corruption) policy and procedures (out of date, not communicated, not understood), including whistle-blowing arrangements</li> <li>• Lack of relevant and timely training relating to preventing/detecting fraud (theft and corruption)</li> <li>• Lack of clarity in fraud/theft prevention roles and responsibilities</li> <li>• Anti-fraud culture not bought into</li> </ul>   | <ul style="list-style-type: none"> <li>– Counter Fraud Framework in place</li> <li>– Whistleblowing Policy in place</li> <li>– Internal audit appointed</li> <li>– Governance &amp; Audit Committee is effective</li> <li>– Monthly Statutory Officers Group meeting</li> <li>– Appropriately trained staff, appropriate culture and awareness, segregation of duties, whistleblowing procedures and closure reports</li> <li>– Financial Regulations/Standing Orders, budget monitoring regime, financial</li> </ul>  | <p>Likelihood 1<br/>x<br/>Impact 4<br/>=<br/>High 10</p>  | <p>Develop fraud risk assessment action plan</p> <p>Undertake review of counter fraud policy framework and procedures</p> |

## Appendix A – Draft Strategic Risk Register – March 2024

| Strategic Risk Description<br>(not listed by priority)  | Potential key causes of the strategic risk and possible effects if realised   | Existing Key Controls & Mitigations  | Residual score   | Actions                                     |
|---|---|--|--|---|
|   | <ul style="list-style-type: none"> <li>Poorly maintained systems and records</li> </ul> <p>Possible effects:</p> <ul style="list-style-type: none"> <li>Investigation and rectification costs</li> <li>Council reputation damage</li> </ul>   | <p>management systems, indemnity insurance</p> <ul style="list-style-type: none"> <li>National Fraud Initiative/data matching</li> <li>External audit opinion explicitly addresses regularity</li> <li>Fraud risk assessment undertaken</li> </ul>   |  |   |
| <p>15. Unable to effectively respond to political priorities</p> <p>Corporate priority<br/><b>Effective Council</b></p> | <p>Potential causes:</p> <ul style="list-style-type: none"> <li>Political shifts and movement - both at national and local level, including party and individuals creates a lack of clarity</li> <li>Ineffective response plans – what, how, who and when. Difficulty in unwinding existing arrangements and commitments</li> <li>Lack of available resources</li> </ul> <p>Possible effects:</p> <ul style="list-style-type: none"> <li>Deterioration in quality of services</li> <li>Dissatisfied stakeholder – Council reputation damage</li> <li>Legal challenge</li> </ul> | <ul style="list-style-type: none"> <li>Weekly meeting between Chief Executive and Council Leader</li> <li>Regular officer and Member liaison meetings, including Portfolio Holder and officer meetings</li> <li>CMT horizon scanning</li> <li>Executive briefing</li> <li>Executive/Senior team attendance at/participation in networks and forums – local, regional, and national</li> <li>Professional/association body membership alerts and journals eg LGA, SOLACE, CIPFA, AEA, APSE, ADSO</li> <li>Stakeholder engagement and consultation</li> <li>Reference to corporate plan in all decision-making reports</li> <li>Regular review of priorities and plans by the Senior Team</li> <li>Member/Corporate Management Team positive and effective relationship</li> </ul> | <p>Likelihood 1<br/>x<br/>Impact 4<br/>=<br/>High 10</p>  | <p>Explore use of Chair of Chair forums</p> |

# Appendix A – Draft Strategic Risk Register – March 2024

87

|        |   |                                |                                     |  |   |                        |
|--------|---|--------------------------------|-------------------------------------|--|---|------------------------|
| Impact | <b>Critical</b><br>None or very low tolerance to the risk | 4                              | <b>10</b><br>Medium                 | <b>13</b><br>High                          | <b>15</b><br>Very High                          | <b>16</b><br>Very High |
|        | <b>Major</b><br>Some tolerance to the risk                | 3                              | <b>6</b><br>Medium                  | <b>9</b><br>High                           | <b>12</b><br>High                               | <b>14</b><br>Very High |
|        | <b>Moderate</b><br>Risk can be tolerated in most cases    | 2                              | <b>3</b><br>Low                     | <b>5</b><br>Medium                         | <b>8</b><br>High                                | <b>11</b><br>High      |
|        | <b>Minor</b><br>Risk can be tolerated                     | 1                              | <b>1</b><br>Low                     | <b>2</b><br>Low                            | <b>4</b><br>Medium                              | <b>7</b><br>Medium     |
|        |   |                                | <b>1</b>                            | <b>2</b>                                   | <b>3</b>  | <b>4</b>               |
|        |   | <b>Unlikely</b>                | <b>Possible</b>                     | <b>Likely</b>                              | <b>Certain</b>                                  |                        |
|        |   | Low but not impossible<br><20% | Fairly likely to occur<br>21% - 50% | More likely to occur than not<br>51% - 80% | Expected to occur in most circumstances<br>>80% |                        |
|        |   | <b>Likelihood</b>              |                                     |  |   |                        |

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SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL



## Governance and Audit Committee


13 March 2024

Report of Councillor Rhea Rayside  
Cabinet Member for People and  
Communities

## Safeguarding Report: 2022/2023

### Report Author

Jodie Archer, Head of Housing Services

 Jodie.archer@southkesteven.gov.uk

### Purpose of Report

In accordance with Article 10 (Regulatory Framework – xxiii) of the Constitution, this report presents to the Governance and Audit Committee the Annual Report on Safeguarding. The report provides an overview of the Council's involvement in the safeguarding of children, young people and vulnerable adults for 2022/2023.

### Recommendations

#### That the Committee:

1. It is recommended that the Governance and Audit Committee review the appended 2022/2023 Safeguarding Annual Report and note its contents.

### Decision Information

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

## 1. Implications

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

### ***Finance and Procurement***

1.1 There are no direct financial implications arising from this report.

Completed by: Richard Wyles, Chief Finance Officer

### ***Legal and Governance***

1.2 There are no legal and governance implications arising which are not already referred to in the body of the report or Appendix A.

Completed by: Mandy Braithwaite, Legal Executive

### ***Diversity and Inclusion***

1.3 Equality impact has been analysed as part of the development and implementation of the Safeguarding policy and its associated procedures. Issues of equality and the fair treatment of all individuals regardless of their diversity are addressed throughout these documents.

Completed by: Carol Drury, Community Engagement Manager

## ***Safeguarding***

1.4 This report provides an update on Safeguarding in line with our Constitution.

Completed by: Sarah McQueen, Head of Housing Options

## **2. Background to the Report**

- 2.1 The 2022/2023 Safeguarding Annual Report (attached at Appendix A) is provided to Members in accordance with the Regulatory Framework for the Governance and Audit Committee.
- 2.2 The report provides a background to the Council's safeguarding responsibilities; training and development opportunities and the uptake by officers and elected Members. The report also outlines the safeguarding interventions undertaken in 2022/2023, including short case studies to provide a background to some of the interactions between residents and officers. Also included is background to, and the outcome of, the Council's submission to the Lincolnshire Assessment and Assurance Framework (LAAF) required by the Lincolnshire Safeguarding Adults Board under our collective responsibilities relating to the Care Act 2014 to safeguard vulnerable adults.
- 2.3 As a District Council we have a general duty of care and statutory requirements in relation to the safeguarding of both children and adults. In general, our responsibilities are to report incidents or concerns to the responsible authority (Lincolnshire County Council) and to work with other agencies to ensure the welfare of children and vulnerable adults. The Safeguarding Annual Report reflects these duties and highlights how safeguarding is a Council-wide responsibility.

## **3. Key Considerations**

- 3.1 The 2022/2023 Safeguarding Annual Report (attached at Appendix A) is provided to Members in accordance with the Regulatory Framework for the Governance and Audit Committee, the report is for information and review.

## **4. Other Options Considered**

- 4.1 The report is for information and review.

## **5. Reasons for the Recommendations**

- 5.1 The report is for information and review.

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# Safeguarding

Annual Report 2022/2023



**SOUTH KESTEVEN  
DISTRICT COUNCIL**

## 1. Introduction

This report provides an overview of the Authority's safeguarding responsibilities in relation to children, young people and adults at risk of harm.

The Council's policy sets out its commitment to protect: "*children, young people and adults who need safeguarding, including employees, volunteers, apprentices and students; those who use our services or are cared for by others who use our services; and those with whom our staff, elected members, volunteers and key contractors have contact*".

This document further discusses:

- Our responsibilities as a district council in relation to safeguarding and Prevent
- Training and development opportunities and outcomes for officers and elected Members
- Safeguarding Interactions
- The current position in relation to the Council's submission to the Lincolnshire Assessment and Assurance Framework (Safeguarding Adults audit) 2024
- The updated safeguarding arrangements within South Kesteven District Council

## 2. Responsibilities

### 2.1 Safeguarding

As a district authority our services are predominantly provided for adults and those who are vulnerable must be protected from harm. This does not mean however that we do not have a legal and moral obligation to safeguard children and young people too. The Council has statutory duties under Section 11 of the Children Act 2004 and Sections 42-45 of the Care Act 2014 to protect individuals from harm and neglect and to co-operate with other agencies.

Our responsibilities for the protection of both children and adults are, in basic terms, the same – to report incidents or concerns to the responsible authority (Lincolnshire County Council) and to work with other agencies to ensure the welfare of children and vulnerable adults.

Safeguarding is the broader term used for the measures available to protect the health and wellbeing of children, young people and vulnerable adults to live free from abuse, harm and neglect.

In terms of the safeguarding of children and young people<sup>1</sup>, Lincolnshire has processes for early help and intervention which allow agencies to work together to support families at the earliest possible time. Through early intervention, children can be the subject of a 'Team Around the Child' in which the additional needs of the child and its family are met, with their consent, through a multi-agency approach. Depending on the needs of the family, officers from this Authority will be invited to attend and participate in Team Around the Child meetings.

The statutory guidance that accompanies the Care Act 2014 (the Act) defines adult safeguarding as "protecting an adult's right to live in safety, free from abuse and neglect. It is about people and organisations working together to prevent and stop both the risks and experience of abuse or neglect, while at the same time making sure that the adult's wellbeing is promoted including,

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<sup>1</sup> A 'child' is defined as a person who has not yet reached their 18<sup>th</sup> birthday (including unborn children). In Lincolnshire this definition extends to the age of 25 for people with disabilities.

where appropriate, having regard to their views, wishes, feelings and beliefs in deciding on an action. This must recognise that adults sometimes have complex interpersonal relationships and may be ambivalent, unclear or unrealistic about their personal circumstances”

It is clear from this definition that adult safeguarding has its challenges. The Act is however clear that:

“A local authority<sup>2</sup> must act when it has ‘reasonable cause to suspect that an adult in its area (whether or not ordinarily resident there):

- has needs for care and support (whether or not the authority is meeting any of those needs)
- is experiencing, or is at risk of, abuse or neglect, and
- as a result of those needs is unable to protect himself or herself against the abuse or neglect or the risk of it”

In basic terms adult safeguarding is for people who, because of issues such as dementia, learning disability, mental ill-health or substance abuse have care and support needs that may make them more vulnerable to abuse and neglect.

Safeguarding referrals relating to adults must always be made with the explicit consent of the individual unless gaining consent would put the individual in danger. Referral without consent, in “the best interests” of the individual can also be made if it is assessed that the person lacks the mental capacity (as defined by the Mental Capacity Act 2005) to make an informed decision.

The parameters under which an adult with safeguarding needs is accepted for intervention by social care are, as illustrated, incredibly tight. This often means that those we work with don’t meet adult services threshold as they don’t have “identified needs of care and support” as defined by the Act. In these instances, officers will look for alternate support through a referral to the Council’s Vulnerable Adults Panel (VAP) or through the instigation of a multi-agency response through Team Around the Adult (TAA). The management, delivery and administration for both the VAP and TAA fall within the remit of our housing team.

### **2.3 Prevent**

The introduction of the Counter-Terrorism and Security Act in 2015 placed a duty on local authorities (County and District in two tier areas) in all our functions to have “due regard to the need to prevent people from being drawn into terrorism”.

In complying with the duty, we are expected to ensure that our venues and resources do not provide a platform for extremists and are not used to disseminate extremist views. This includes the requirement to reduce “permissive environments” in which radicalisation can potentially take place. The Prevent Duty requires specified local authorities to ensure any IT equipment available to the general public should have filtering solutions that limit access to terrorist and extremist material and to develop of a venue hire policy applicable to all council-owned buildings. A policy relating to venue hire and external speakers has been developed in partnership with agencies within the county’s Prevent Steering Group to meet this element of the Duty.

We are further expected to ensure that organisation’s that work with us are not engaged in any extremist views and, where appropriate, to take the opportunity when new contracts for the delivery of our services are being made to ensure that the principles of the duty are written in to those contracts in a suitable form.

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<sup>2</sup> The Care Act 2014 and the Statutory Guidance refers throughout to the responsibilities of the Local Authority. In a two-tier county the Local Authority refers to the County Council.

Prevent falls within the safeguarding arena. The grooming of vulnerable individuals susceptible to radicalisation and extreme ideologies is regarded as a safeguarding concern and must be addressed as such. The referral pathways are different, but the principles are the same.

It is essential to know that Prevent operates in the non-criminal space. This means working with individuals who have not yet committed a crime but are susceptible to radicalisation in whatever form that takes. The aim of Prevent is to support such individuals, to divert them away from violent extremism before they commit any criminal acts. Prevent does this through a process called Channel. The process is a multi-agency approach to identify and provide support to individuals who are at risk of being drawn into extremism. Individuals who exhibit concerning behaviour in relation to an extreme ideology can be referred to Channel if they give their explicit consent.

The Authority's Prevent Lead is Carol Drury, Community Engagement Manager who represents the Council on the county's Prevent Steering Group. This statutory group is a partnership of agencies including County and District Councils of Lincolnshire, Police, Health, Fire and Rescue, Higher Education, Schools, Third Sector and the Home Office. The Steering Group works collaboratively to develop the Counter Terrorism Local Profile for Lincolnshire and its accompanying Delivery Plan. The Prevent Lead is also responsible for South Kesteven District Council's contribution to the county's Strategic Risk Register for Prevent. During 2022/23 in person Prevent training was provided by a Home Office approved trainer. Officers and Members unable to attend any of the in person sessions can access Home Office Prevent Awareness e learning. A total of 44 Members attended in person sessions and 291 Officers either attended an in person session or completed the Prevent Awareness e learning. Further e learning is also available through the learner management system of the Lincolnshire Safeguarding Children Partnership.

Information requests are received from Police colleagues when an individual is identified in the District as a possible Prevent referral. In 2022/23, two such requests for information were received. Neither of the individual's identified met the threshold for intervention through Prevent. Whilst these individuals were not referred through to Channel, they obviously had safeguarding needs. In all instances alternative support, through safeguarding processes, was put in place to meet the needs of these two individuals. Prevent colleagues within Lincolnshire Police also carry out follow up checks with partners 6 months and 12 months after any referral to Channel that doesn't meet the threshold to ensure there is no evidence of change within the individual's situation that would require intervention from Prevent.

### 3. Training and Development

The Lincolnshire Safeguarding Children Partnership and the Lincolnshire Safeguarding Adult's Board request that partners (officers) follow a six-year training pathway that contains training specific to levels of interaction with children, young people and vulnerable adults. The training is provided to partners free-of-charge and is a mix of e-learning, virtual and face-to-face modules. In addition to this training, officers and Elected Members are required to undergo Prevent training to fulfil the requirements of the Local Authority Prevent Duty.

In March 2020 Cabinet took the decision to make safeguarding e-learning **mandatory** for Elected Members.

All Members are therefore required to complete an e-learning module relating to **Safeguarding Everyone in Lincolnshire** within their first year in office a further requirement to complete additional safeguarding-related e-learning modules during their term of office. Those being:

- Hate Crime
- Friends Against Scams
- Radicalisation and Extremism

- Tackling Exploitation and Modern Slavery in Lincolnshire

103 training modules were completed by officers in 2022/2023. A record of the training completed by officers is held centrally. Topics covered are listed in the table below:

|  |   |  |
|--|---|--|
| Awareness of Domestic Violence and Abuse     | Child Exploitation                                    | Self Neglect                                 |
| Awareness of Suicidal Thoughts               | Brook Traffic-light Tool*                             | Controlling, Coercive Behaviour and Stalking |
| Trafficking, Exploitation and Modern Slavery | Domestic Abuse – Short Course                         | Female Genital Mutilation (FGM)              |
| Friends Against Scams                        | Hate Crime  | Introduction to Safeguarding Adults          |
| Introduction to Safeguarding Children        | Introduction to Safeguarding Everyone in Lincolnshire | Mental Capacity Act                          |
| Radicalisation and Extremism                 | Suicide Awareness (Zero Suicide Alliance)             | Missing Children                             |

The level of direct involvement staff have with children, young people or vulnerable adults also determines how often training needs to be undertaken. Community focused staff are required to undertake some form of safeguarding training on an annual basis whilst those without direct involvement need only complete training appropriate to the service area and level of responsibility within that area once within the required cycle unless changes to legislation, statutory guidance or procedures require that an update/refresher be completed.

\*The Brook Traffic-light Tool is a nationally recognised Sexual Behaviours Traffic Light Tool that provides a highly visible, multi-agency response that helps professionals to identify, understand and respond appropriately to sexual behaviours in young people.

Learning is also essential for the Lead and Deputy Safeguarding Officer from Serious Case Reviews (Children), Adult Safeguarding Reviews and Domestic Homicide Reviews. Whilst these types of review do not make for comfortable reading, it is imperative that we take account of lessons learned and implement, where appropriate to the District Council's responsibilities, the recommendations of these reviews.

#### 4. Safeguarding Interactions and Interventions

Whilst there are requirements on us as a district council to have an identified lead for safeguarding it should be acknowledged that there are no safeguarding-specific roles within the Authority. This does not undermine the importance of the safeguarding of individuals from harm and neglect but seeks to highlight the fact that **safeguarding is everyone's responsibility**. Officers from across the Authority have the knowledge, skill and training to identify the potential for harm and to refer individuals to the appropriate support service when a concern is identified. Support for officers and elected Members is available through our Designated Safeguarding Lead Jodie Archer, Head of Housing Services and Deputy Safeguarding Officer Sarah McQueen, Head of Housing Options.

Any officer in the course of their duties, or an elected member carrying out their representational role, may witness, or be informed of, an issue that they feel should be referred to Adult or Children's Services. Referrals during 2022/23 were made by colleagues in Housing and Neighbourhoods directly to the responsible authority. During 2022/23 referrals related to 10 adults and 2 child.

Designated officers also attend Multi-agency Child Exploitation (MACE) meetings where cases of missing children and those being criminally or sexually exploited are discussed and partner actions agreed. This could be simply providing support to the family to address issues through to agreeing and issuing closure orders on properties to disperse or stop criminal activity from taking place in identified locations. Vetted officers attend Multi-agency Risk Assessment Conferences (MARAC) in relation to high-level domestic abuse cases and any officer working with a child, family or vulnerable adult will attend Team Around the Child, Child in Need, Child Protection Conferences, Vulnerable Adults Panels, Team Around the Adult and Channel meetings on invitation. Officers can instigate Team Around the Child and Team Around the Adult meetings as early interventions within the safeguarding arena. This early intervention is often the level at which officers become involved with individuals thereby allowing for support to be made available in a more preventative manner. These cases rarely require intervention by social workers but could require input from social care (Wellbeing Lincs). To illustrate the types of interventions carried out by officers during 2022/23, their tenacity in gaining the required outcome and their response to the duty of care we have as a District Authority, here is an example of a case:

*A young person came to my attention following a pattern of antisocial behaviour in the community observed by SKDC's CCTV Operators. A CCTV Operator approached me raising concerns about the young person as they were also observed in the company of older, known local drug users and street dealers. Following a conversation with a CCTV operator, the young person was identified as a 12 year old boy.*

*The young person was observed on many occasions with his Dad, a known alcoholic and drug user and his friends who are also drug users and have been known as street dealers. The young person was often seen in public open spaces with the adults whilst they were street drinking and carrying out other suspicious activities. The young person was also observed in the company of Dad's friends when Dad was not there.*

*I contacted a CE-Missing Co-Ordinator to talk through my concerns, and to see if there were any agencies involved with the young person and their family. From this conversation I learnt the young person was part of a Child In Need plan and had an allocated Social Worker.*

*I made contact with the allocated Social Worker and was invited to the Child In Need Meeting in August 2022.*

*The young person lived with Mum, an older sibling (17 years old) and a younger sibling (10 years old).*

*At the Child In Need Meeting, I learnt the young person did not currently attend school as they had been 'banned' from the school bus due to their behaviour. There was a plan to seek alternative education for the young person but until this happened, they remained registered with that setting. There was no parental encouragement to attend school or seek alternative transport to enable the young person to attend. Due to non-attendance, the school were carrying out regular welfare visits to the home address during the day. These were often unsuccessful, or Mum would shout out to the school staff that the young person was in bed asleep. The younger sibling also did not attend school regularly and the primary school had put in provisions to collect the child from home and take them to school, provide them with breakfast and lunch and take them home after school – again the school attended the home address to collect the child in the mornings as agreed but no one would answer the door.*

*A report was also received directly from a member of the public in relation to the young person and their friend's behaviour unacceptably outside the home address. The report also disclosed wider issues with other members of the young person's family. Neighbours had reported the smell of cannabis from the property as well as comings and goings at various times of the day from visitors who did not stay for more than a couple of minutes. This information was shared wider with the relevant agencies.*

*A visit was carried out to the young person's home address, to discuss concerns regarding the young person's behaviour. At the time of the visit, Mum acknowledged that she had 'no control' over the young person and stated both the older sibling and younger sibling were not like that.*

*The home life was not that of the average family. Although the house was tidy, mum by her own admission said she does not wake the children for school and she allows them to sleep as it gives her 'me time' and she liked a 'quiet life'. Mum is a drug user and stated she attends We Are With You.*

*In partnership with Children's Services, a CE Toolkit was completed for a referral to MACE following concerns about who the young person was associating with. During the MACE discussion it was agreed new intelligence would be reported via Op Insignia and the appropriate agencies were already involved so the risk could be reduced through effective community disruption and case management. As Dad was a tenant of NACRO accommodation, I carried out a visit the scheme manager to ensure the young person was not entering the accommodation.*

*This case was quickly escalated to Child Protection following the Child In Need meeting I attended, this was due to Mum's lack of engagement. The worry statement scaling (0 being worst case scenario, 10 being best case scenario) ranged between 0 and 1 for all three statements.*

*Over the course of 10 months, there were multiple meetings with no improvements to the children's home life. Worry Statement Scales were still scaled between 0-1 for all of the statements. The young person was still prevalent in the community, but the antisocial behaviour had subsided.*

*The home life of the young person did not improve, Mum started to disengage further with Children's Services, including with We Are With You, she also did not engage with other professionals and did not attend any of the Child Protection meetings. Mum failed to make the application for the younger sibling's secondary school admission and the worry statement scaling as part of the Child Protection Plan did not improve.*

*The young person's school attendance did not improve, and they had a 0% attendance between September 2022 and June 2023. The younger sibling did attend school sporadically, but this was facilitated by another older sibling who did not live at the home address, a grandparent, and the primary school.*

*Following several concerns and incidents, in June 2023, the young person and younger sibling became Looked After Children and were placed in the care of a family member. It was reported that the younger sibling was thriving and attending school. The young person also turned a positive corner and started to engage with homeschooling and agreed to attend sporting clubs held in the community by LCC's Positive Futures.*

*Since the young person has not been in Mum's care, they have not been prevalent in the community. They have not been reported to be involved in antisocial behaviour and they have not been seen to be associating with adults.*

*This is an example of where an effective multi-agency approach can come together to support the most positive outcome for young people. During this time we were successfully able to disrupt potential child exploitation and remove barriers to enable both children to access education.*

## **5. Lincolnshire Assessment and Assurance Framework (LAAF) – Adult Safeguarding Audit**

The Care Act 2014 places duties on a range of organisations and individuals to ensure their functions and any services they contract to others are discharged having regard to the need to safeguard and promote the welfare of vulnerable adults. As a district authority these duties relate to the delivery of services such as: housing, sport, culture and leisure services and also to our responsibilities as a licensing authority.

The Lincolnshire Safeguarding Adults Board requires its partners to carry out assessments of partner compliance with their duties on a three-yearly cycle. The most recent assessment was completed in September 2022.

During the self-assessment process, organisations within the partnership complete an online assessment tool across six categories, further broken down into 35 questions. Partners supply an overview for each question that is applicable to their organisation and are further required to provide evidence to support the narrative to prove arrangements in place. Evidence is uploaded onto the online toolkit. A self-assessed grading is given for each question of red, amber, green or blue as follows:

- Red = Not Effective
- Amber = Working Towards
- Green = Effective
- Blue = Excelling

This is the third adult safeguarding audit instigated by the Lincolnshire Safeguarding Adults Board, previous audits being in 2016 and 2019 and, for the first time, moderation of the self-assessment formed part of the process. The moderation is intended as challenge to the Council's self-assessment. It ensures sufficient and appropriate evidence has been provided to ensure compliance with the requirements placed on the District Council in relation to the safeguarding of adults. The self-assessment narrative and supporting evidence was completed by officers from the Council's Housing Service with support from the Community Engagement Manager to meet the required deadline. Moderation (by dip test) has been completed by the Safeguarding Adults Board and fed back. The next step in this process is for officers to address any actions required as a result of the moderation. The moderation challenged two responses made by the Council and made recommendations to address these. The recommendations requirement that we amend the self-assessment relating to question 1.4 of the audit: *"The organisation's strategy and/or safeguarding policy clearly sets out its commitment to its prevention duty under the Care Act 2014"*. Whilst there is content within the policy to reference this commitment, no evidence of

the commitment in practice was provided therefore the moderation recommended that the self-assessed status be changed from blue to green (effective). The moderation also recommended further evidence be provided for question 2.7 “Organisations can demonstrate that any decision in relation to the safeguarding of an adult is driven by the principals of Making Safeguarding Personal” to support the Council’s green status. Once these changes were made the Council’s assessment will show green (effective) status across all 6 categories. The final result of the Lincolnshire Assessment and Assurance Framework audit was published by the Safeguarding Adults Board in summer 2023. The outcome of the audit was that the council is excelling in its response to Adult Safeguarding offering assurance to the Authority.

## 6. New Safeguarding Arrangements

As previously reported to this committee, an internal review of our Safeguarding practice was carried out during 2021/22. The review helped to determine areas of improvement under the headings of:

- Governance and Visibility
- Tools and Training
- Processes and approach

Part of this review looked at safeguarding from an operational management perspective to determine whether the structure remained fit for purpose. The Strategic Lead for Safeguarding has, since 2011, been the Director for Housing. During this time, operational lead for safeguarding was taken by the Community Engagement Manager.

Recommendations from the review highlighted that, whilst the responsibility for safeguarding vulnerable individuals falls to us all, regardless of our individual role or position within the Council, much of the day-to-day responsibility for policy, procedure, ensuring appropriate training, support and advice fell to the operational lead, creating a single point of failure. It was agreed that central record-keeping relating to referrals and training would still need to be maintained but additional officers were required as deputies to the operational lead to ensure continuity of support. Changes to the structure were put in place to address this, with officers from Neighbourhoods and Housing being identified as safeguarding champions to offer further support to colleagues. Whilst in a practical sense this improved the support on the ground, having officers from several services areas identified for safeguarding led to some confusion around where incidents should be reported. Keeping a central record for incidents and referrals is important in determining potential trends, geographical hot spots and links in cases, so, keeping the process simply is vital.

During the review it was also recognised that, as a housing authority, the majority of interactions with vulnerable people are carried out by housing colleagues. This is not to say that officers from other service areas, particularly Neighbourhoods, Revenues and Benefits, Environmental Health and other front-line colleagues do not encounter and support vulnerable people, nor does it mean that referrals to protect people from harm only come from housing colleagues. Legislative guidance still maintains that safeguarding is everyone’s business. Officers from across the Authority need to be aware of safeguarding practices and know how to respond if concerns are identified.

Most recent changes has led to the Head of Housing Services now being the Designated Safeguarding Lead for South Kesteven District Council. The Deputy Safeguarding Lead is the Head of Housing Options. Safeguarding, including Prevent, remains a corporate responsibility and therefore these officers will continue to support colleagues from across the Council ensuring policy and training requirements remain fit for purpose.





**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**



## **Governance and Audit Committee**

Wednesday, 13 March 2024

Councillor Ashley Baxter  
Leader of the Council,  
Cabinet Member for Finance and  
Economic Development

## **Quarter 3 Treasury Monitoring Report**

### **Report Author**

Alison Hall-Wright, Deputy Director (Finance and ICT) and Deputy Section 151 Officer

 [alison.hall-wright@southkesteven.gov.uk](mailto:alison.hall-wright@southkesteven.gov.uk)

### **Purpose of Report**

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

### **Recommendations**

**The Governance and Audit Committee is asked to note and approve the contents of the quarter 3 review of treasury management activity for 2023/24.**

### **Decision Information**

|   |                   |
|---|-------------------|
| Does the report contain any exempt or confidential information not for publication? | No                |
| What are the relevant corporate priorities?   | Effective council |
| Which wards are impacted?   | (All Wards);      |

## **1. Implications**

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

### ***Finance and Procurement***

1.1 The financial implications are included throughout this report.

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

### ***Legal and Governance***

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

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

### ***Risk and Mitigation***

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

*Completed by: Tracey Elliott, Governance and Risk Officer*

## **2. Background to the report**

2.1 Treasury Management is the term used to cover the Council's borrowing and investment strategies. The Council has formally adopted the key recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management. In line with the code the council has adopted a treasury management policy statement that requires regular reports on treasury and debt management operations during the financial year.

2.2 Additionally, under part 1 of the Local Government Act 2003, the Council is required to have regard to the Prudential Code for capital finance including the setting of Prudential Indicators. Relevant treasury management indicators were

incorporated into the Treasury Management Strategy 2023/24 approved by Council on 1 March 2023.

2.3 This report is submitted in accordance with these requirements and provides a review of treasury management for the period ended 31 December 2023 and reviews current developments. The following elements are covered by the report:

- A review of debt management operations
- A review of investment operations
- An update on the treasury management Prudential Code Indicators
- An economic update

2.4 The CIPFA Treasury Management panel promotes the view that Council's monitor performance on a quarterly basis. In addition to this, a report by the audit commission entitles 'Risk and Return' identifies the need for local authorities to report regularly to members in addition to the annual review.

## **Treasury Management Update**

### **Debt Management Operations – Borrowing**

2.5 No additional borrowing was required during quarter 1 – 3 of 2023/24. All Council borrowing is with the Public Works Loan Board (PWLB) and the average rate of interest paid on the debt portfolio was 2.46%

2.6 Appendix A shows the loans outstanding at 31 December 2023. Regular reviews are undertaken to consider the redemption costs of natural maturity against new borrowing to settle the outstanding debt early.

2.7 Short-term borrowing is defined as borrowing due to be repaid in 365 days. At 31 December 2023, the Council had short-term borrowing of £3.221m. This will be repaid in instalments of £1.611m on 28 March 2024 and 28 September 2024. The average annual rate on interest on these loan repayments is 3.03%.

### **Investment Operations**

2.8 The average size of the investment portfolio for the 9-month period was £84.899m compared to an average portfolio size of £79.507m during the same period in 2023/24.

2.9 The increase in the portfolio is due to the timing differences of when the Council is required to make payments.

### **Investment Activity in the period ended 31 December 2023**

- 2.10 The Council operates a diverse portfolio and uses a number of methods to invest its reserves which include direct deposit, certificates of deposit, notice accounts and money market funds. At 31 December 2023 the Council held short term investments of £76.376m (specified investments) and £3m (non-specified investments).
- 2.11 The Treasury Management Strategy stipulates that the Council should not ordinarily hold more than 35% of investments as non-specified and this was adhered to during the period 1 April – 31 December 2023. A schedule of investments at 31 December 2023 is set out at Appendix A.
- 2.12 Short Term Fixed Deposits – In the period ended 31 December 2023, £28.0m of short-term fixed deposits were placed; £34.0m of investments matured within this same period.
- 2.13 Long Term Fixed Deposits – In the period ended 31 December 2023, there were no long-term fixed deposits placed and no long-term fixed deposits matured.
- 2.14 The Council currently has £10m invested with Close Brothers whose rating was downgraded in February by the rating agency, Fitch, from A- to BBB+. The downgrading is due to expectations regarding weaker profitability and capitalisation over the medium term. Close Brothers no longer meets the Councils counterparty criteria for investments so on maturity the Council will request that the funds are returned. The Councils treasury advisors, Link Group, has confirmed that the Council should be confident that the principal investment and interest will be received back at the maturity date.

### **Treasury Management Prudential Code Indicators**

- 2.15 Prudential Code indicators specific to treasury management are designed to ensure that treasury management is carried out in accordance with professional practice. Indicators for 2023/24, 2024/25 and 2025/26 were approved by Council on 1 March 2023 as part of the Treasury Management Strategy 2023/24.
- 2.16 The 2023/24 indicators and actual figures for the 9 months to 31 December 2023 are set out at Appendix A. All investment activity has been maintained within the indicator limits.

## **3. Key Considerations**

- 3.1 These are considered throughout the report.

## **4. Other Options Considered**

- 4.1 None.

## **5. Reasons for the Recommendations**

- 5.1 Committee members need to be kept updated on the financial position of the authority

## **6. Background Papers**

- 6.1 Treasury Management Strategy 2023/24  
<http://moderngovsvr/documents/s37040/Appendix%20G%20-%202023-24%20Treasury%20Management%20Strategy%20Statement.pdf>

## **7. Appendices**

- 7.1 Appendix 1 – Treasury Management Prudential Indicators

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# Appendix 1

## Appendix 1

### Debt Maturity Analysis – Public Works Loan Board as at 31 December 2023

All current external borrowing is classified under the HRA

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

### Investment Maturity Analysis – Schedule of Cash Funds

|                                    | <b>At 31 December<br/>2023<br/>£000</b> | <b>Interest Rate<br/>%</b> | <b>Maturity<br/>Date</b> |
|------------------------------------|---|----------------------------|--------------------------|
| <b>Short Term<br/>Investments</b>  |   |                            |                          |
| BNP MMF                            | 3,108                                   | variable                   | N/A                      |
| Federated Prime3<br>MMF            | 5,000                                   | variable                   | N/A                      |
| Invesco MMF                        | 2,268                                   | variable                   | N/A                      |
| LGIM                               | 5,000                                   | variable                   | N/A                      |
| Santander 95 Day<br>Notice Account | 10,000                                  | 5.95%                      | N/A                      |
| Al Rayan                           | 1,000                                   | 5.10                       | 01/03/2024               |
| Close Brothers                     | 2,000                                   | 5.55                       | 17/05/2024               |
| Close Brothers                     | 3,000                                   | 5.48                       | 21/06/2024               |
| Close Brothers                     | 2,000                                   | 4.90                       | 26/01/2024               |
| Close Brothers                     | 3,000                                   | 5.55                       | 10/05/2024               |
| Goldman Sachs                      | 3,000                                   | 5.58                       | 02/04/2024               |
| HELABA                             | 2,000                                   | 5.71                       | 27/09/2024               |
| HELABA                             | 2,000                                   | 5.76                       | 19/02/2024               |
| Lloyds                             | 3,000                                   | 6.13                       | 06/09/2024               |
| Lloyds                             | 4,000                                   | 5.59                       | 12/04/2024               |
| Natwest                            | 5,000                                   | 5.54                       | 02/04/2024               |
| Standard Chartered                 | 5,000                                   | 5.67                       | 01/03/2024               |
| Standard Chartered                 | 4,000                                   | 4.97                       | 02/02/2024               |
| Sumitomo MBC                       | 3,000                                   | 5.58                       | 12/04/2024               |
| Cambridgeshire<br>County Council   | 2,000                                   | 1.00                       | 17/01/2024               |
| The Highland Council               | 3,000                                   | 4.50                       | 26/01/2024               |

|                                    |               |                                |            |
|------------------------------------|---------------|--------------------------------|------------|
| West Dunbartonshire Council        | 4,000         | 4.70                           | 04/03/2024 |
| <b>Total Short-Term</b>            | <b>76,376</b> | <b>(average rate)<br/>5.33</b> |            |
|                                    |               |                                |            |
| <b>Long Term Investments</b>       |               |                                |            |
| CCLA Local Authority Property Fund | 3,000         | 4.92*                          | N/A        |
| <b>Total Long-Term</b>             | <b>3,000</b>  | <b>(average rate)<br/>4.58</b> |            |

\*dividend yield on Net Asset Value as at 31 December 2023

### External Debt Indicators

#### Authorised Limit

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

| Authorised Limit For external debt | 2023/24<br>£000 | As at 31 December<br>2023 £000 |
|------------------------------------|-----------------|--------------------------------|
| Debt (non HRA)                     | 33.000          | 0.000                          |
| HRA Reform                         | 115.000         | 84.602                         |
| Other Long-term liabilities        | 0.000           | 0.000                          |
| <b>Total</b>                       | <b>148.000</b>  | <b>84.602</b>                  |

#### Operational Boundary

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

| Operational Limit for external debt | 2023/24<br>£000 | At 31 December<br>2023 £000 |
|-------------------------------------|-----------------|-----------------------------|
| Debt (non HRA)                      | 15.000          | 0.0000                      |
| HRA Reform                          | 100.000         | 84.602                      |
| Other Long-term liabilities         | 0.000           | 0.000                       |
| <b>Total</b>                        | <b>115.000</b>  | <b>84.602</b>               |



SOUTH  
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COUNCIL



## Governance and Audit Committee


13 March 2024

Report of Councillor Phil Dilks  
Portfolio Holder for Housing and  
Planning

## 2024 Update on the Planning Review undertaken in 2021 and Action Plan

### Report Author

Emma Whittaker, Assistant Director of Planning & Growth

 Emma.whittaker@southkesteven.gov.uk

### Purpose of Report

This report updates the Governance and Audit Committee on the actions undertaken following a 2021 review of the Planning Service.

### Recommendation

**It is recommended Governance and Audit Committee:**

- 1. Agrees the action plan is now complete.**

### Decision Information

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

No

What are the relevant corporate priorities?

Effective council

Which wards are impacted?

Wards

## 1. Implications

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

### ***Finance and Procurement***

- 1.1 There are no direct financial implications arising from this report. Should any additional costs be required, this will be assessed and considered at the appropriate time in line with the service plan.

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

### ***Legal and Governance***

- 1.2 Following external review, the resulting action plan has been completed. There are no significant legal or governance implications arising from this report.

Completed by: Mandy Braithwaite, Legal Executive

## 2. Background to the Report

- 2.1 The Corporate Plan (2024-27) sets out how the Council strives to be an effective council and in doing so will deliver trusted, high quality and value-for-money services that fulfil the needs and expectations of all South Kesteven residents.
- 2.2 Planning plays an important role in delivering many of the Council's ambitions set out in the Corporate Plan, including creating a sustainable South Kesteven, enabling economic development and ensuring all residents can access suitable housing for their needs and future generations.

- 2.3 A high performing and effective Council will, from time to time, review how its services are performing and look for better ways of providing a service when appropriate. The review of the planning service was commissioned in May 2020 and was carried out by external consultants. The Planning Service Review (see **background papers**) made 29 recommendations from which an internal project team created an Action Plan. The recommendations and associated actions focused on several areas, including (but not limited to):
- Embedding good practice in operational (officer) delivery of the service
  - Identifying areas where change to protocols and functioning of the Planning Committee are likely to be beneficial
  - Highlighting opportunities to invest in technology and communication to help improve the service.
- 2.4 In July 2021, the Action Plan was endorsed by the Governance and Audit Committee. An updated Action Plan was reported to this Committee in January 2022 and subsequently in March 2023. Links to these reports are detailed in the background papers at the end of this report.

### **3. Key Considerations**

- 3.1 At the Governance and Audit Committee meeting in March 2023, the updated Action Plan set out the matters where further work was required before completion. The updated Action Plan (**Appendix A**) shows the updated position regarding these outstanding actions.
- 3.2 Since the last update, the remaining actions, except for the update of the enforcement policy, have been all been completed in full.

#### Action No. 13 Planning Committee Presentation Training

- 3.3 Since the last update and the restructure of the service, all vacant posts have been filled. All Officers are expected to present their own cases to planning committee and they are supported by Senior Officers in doing so. Training is provided on Committee presentations where it is required and monitored through the Council's appraisal process. The action can be marked as completed, although it is recognised, as with any training, there is an element of continued learning.

#### Action No. 18 Enforcement

- 3.4 The Peer Review highlighted weaknesses in the Council's post-decision processes.
- 3.5 It was previously reported the planning enforcement team had been expanded and a new Senior Enforcement Officer appointed. Since the Action Plan was previously reported to Committee, a report was presented to Planning Committee in May 2023

providing an overview of performance for the previous year. Annual updates will continue with the next report being scheduled for April/May 2024.

- 3.6 It was also recommended the Council's Development Management Enforcement Policy is reviewed. The current policy was published in 2017 and has been reviewed by Officers; it is considered up to date and fit for purpose. The policy provides guidance for members of the public about what breaches of planning control may include, how they can be reported and when we may take action. This also sets service standards for acknowledging initial queries (three working days) and carrying out the initial site visit (10 working days). The document sets out how cases are prioritised i.e. whether they are high or low priority.
- 3.7 The Levelling Up and Regeneration Act 2023 (LURA 2023) has introduced several key changes to planning enforcement. For example, there will be changes to the time limits for taking enforcement action, the power to serve a temporary stop notice for works to a listed building has been introduced and there are powers around commencement and completion notices. However, many of these changes require secondary legislation and guidance before they are brought into force. The Development Management Enforcement Policy will therefore be further updated once these new or varied enforcement tools take effect. For the purposes of the Action Plan, it is however recommended the action is completed.

#### Action No. 25 & 27 IT and technology

- 3.8 The Peer Review Team observed, whilst the Council had invested resources in IT and technological solutions, there may still be more which could be done to improve processes and efficiency within the service. Since the Peer Review, work has been ongoing to look at better use of IT and technology. There is a drive nationally to digitalise the planning system including the Local Plan process; this means the Council will need to continually respond and adapt to opportunities in technological advancements in the future.
- 3.9 Since the Peer Review, the planning service has expanded its use of IDOX Uniform which is the planning database currently used. This has included better use of a module that specifically records Tree Preservation Orders and allows the Council to better manage our processes and the data held.
- 3.10 The Council has also changed the way consultees and members of the public engage with and comment on planning applications through the use of Public Access. This means comments from the public are available on the website in real time, rather than being manually uploaded to the back office and only being released upon request due to the need to redact. For consultees, comments will be automatically uploaded to the website without any officer interventions. This has reduced the amount of Officer time required to carry out these simple administrative tasks. It also means it is easier and more transparent for the public and the Planning Committee to view any comments made on applications.

- 3.11 New software has recently been procured to support the Regulation 18 Local Plan Consultation, which will make it easier for those wishing to comment on the draft Plan, to do so. Additionally, it will mean Officers do not have to manually log and record comments against each of the policies which is extremely time consuming.

Action No. 26 Validation Process

- 3.12 The checking of planning applications to see whether the information required to validate them was previously carried out by Planning Officers, involving several handovers between Officers. The process of validation has been reviewed and has been successfully transferred to the Planning Support Team in relation to most applications, including the householder applications. For the larger and more complex applications, there is an ongoing element of Planning Officer involvement. As the Support Team gain experience, this Planning Officer support will decrease. However it is not unrealistic to expect a small degree of ongoing support in relation to technical points.

Action Nos. 15 & 16 Pre-Application Process & Design Pad

- 3.13 The Peer Review team raised concerns that there was a lack of clarity in the Council's pre-application processes and in particular identified confusion between strategic conversations by senior members of the administration/senior officers and the advice provided by the planning team. Additionally, there was a concern Councillors were too involved in the Councils' Design Pad service, as well as there being too many officers contributing. The recommended action was to review the pre-application advice service and to disband the Design Pad.
- 3.14 The respective roles of Officers and Councillors has been clarified and guidance provided during the annual training and in the Planning Protocols that are part of the constitution. Regular briefings are held between the portfolio holder for Planning, the Director of Growth and Culture and Assistant Director of Planning and Growth. This allows for appropriate updates to be provided about planning applications or significant pre-application requests.
- 3.15 Design Pad is a valued part of the application process and is particularly useful during pre-application discussions on larger sites. Councillors no longer attend, the number of Officers attending has been reduced to only the key Officers. The Peer Review Team were clearly uncomfortable with the format and as a result suggested the service be replaced by all Councillor briefings as appropriate. However, having reviewed the process it was decided Design Pad should continue in the format which it is now being used. This does not prevent all Councillor briefings being used as appropriate on larger strategic sites in addition to the officer led pre-application advice service.
- 3.16 In light of the above, both Actions have been completed.

## Action No. 29 Establish Clear pathways for engagement with the Council at strategic level

- 3.17 This is linked to Actions 15 and 16. The Peer Review Team highlighted Members of the Planning Committee should not be meeting with developers and any strategic meetings should take place only with the Leader/Deputy Leader. Any meetings taking place strategically, do so only at this level i.e. with the Leader/Deputy Leader, with Officers usually being present during these meetings. A Planning Protocol for Councillors has been agreed and forms part of the Constitution. This provides guidance for Councillors about dealing with planning related matters including lobbying of Members of the Planning Committee. This also forms part of the annual Councillor training. This action is now completed.

### **4. Other Options Considered**

- 4.1 The progress on the Action Plan is for noting and to seek agreement with the recommendation that all actions are now completed. The alternative would be for the Committee to request any further service updates, however this has been discounted because these updates are part of the business-as-usual process and service plans.

### **5. Reasons for the Recommendations**

- 5.1 Delivering a good service means routine review and reflection about best practice; it is expected this approach forms part of the annual service planning process. Other actions, including those relating to training needs, will also be reviewed with Officers through the staff appraisal process. Action plans following a service review are intended to require specific actions that need addressing and are not intended to be ongoing indefinitely. For this reason, it is appropriate to mark all actions on the Action Plan as completed.

### **6. Background Papers**

- 6.1 Governance and Audit report July 2021 - [Planning Service Review - Progress Report.pdf \(southkesteven.gov.uk\)](#)

<https://moderngov.southkesteven.gov.uk/documents/s30479/Planning%20Service%20Review%20-%20Progress%20Report.pdf>

- 6.2 Planning Service Review - [Annex 1 - South Kesteven Planning Review.pdf](#)

<https://moderngov.southkesteven.gov.uk/documents/s30480/Annex%201%20-%20South%20Kesteven%20Planning%20Review.pdf>

- 6.3 Governance and Audit report January 2022 - [Planning Service Review - Progress Report.pdf \(southkesteven.gov.uk\)](#)

<http://moderngov.southkesteven.gov.uk/documents/s32273/Planning%20Service%20Review%20-%20Progress%20Report.pdf>

- 6.4 Governance and Audit report March 2023 - [Planning Service Review - Progress Report \(southkesteven.gov.uk\)](#)

<https://moderngov.southkesteven.gov.uk/documents/s37168/Planning%20Service%20Review%20-%20Progress%20Report%20March%202023.pdf>

- 6.5 Planning Service Review - [Annex A - Planning Review Action Plan March 2023](#)

<https://moderngov.southkesteven.gov.uk/documents/s37169/Appendix%20A%20-%20Planning%20Service%20Action%20Plan.pdf>

## **7. Appendices**

- 7.1 Appendix A – Planning Review Action Plan [updated March 2024]

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**PLANNING REVIEW ACTION PLAN**

**DATE:** March 2024

**PURPOSE OF PAPER:**

To provide Governance and Audit Committee with an overview of the development of and progress of the improvement plan arising from the externally commissioned review for the Planning Service.

The table below provides an overview of the action, progress to date and anticipated completion date of the action. This has been split into actions that are within the scope of the officers (i.e. improvements to the Planning service) and those that include Member engagement (i.e. engagement with the Planning Committee). Those actions that have been completed have also been moved to a separate table (Table 2).

**OVERVIEW OF PROGRESS:**

**Table 1.**

| Action No.   | Action  | Progress   | March 2023 status  | March 2024 status   |
|--|---|--|--|---|
| <b>Officer Programme – Operation of Planning Service</b>                                     |   |  |  |   |
| 13.  | More training for officers on best practices when presenting to the planning committee.   | The Director for Growth and Culture and Assistant Director of Planning to oversee the delivery of this action. The sessions to be delivered with support of Chair and Vice Chair of planning committee.                                  | In progress with ongoing training; all officers are encouraged to present their own cases to Committee as part of their development.                               | <b>Complete</b> – All officers present their own cases at committee and are supported through this. Ongoing training will be part of usual CPD/appraisal process.   |
| 18.  | The Enforcement policy should be reviewed and appropriately resourced.  | Additional Planning Enforcement budget approved for 2021/22 and recruitment activity was undertaken. New Senior Enforcement Officer has been appointed (January 2023) after a period with the post being vacant.                         | Resourcing – Complete.<br><br>Reporting of performance of the Enforcement team to resume (Planning Committee)<br><br>Enforcement Policy to be reviewed Spring 2023 | Resourcing – <b>Complete</b> .<br><br>Reporting of performance of the Enforcement team – <b>Complete – report to Planning Committee May 2023</b><br><br>Enforcement Policy – reviewed by officers <b>complete</b> |
| 25.  | Fully exploit the opportunity of technology investment.   | Audit of functionality across systems complete. Implementation plan in development working with the South Kesteven ICT service to provide training and appropriate solutions across the service.   | Ongoing - Use of Uniform/IDOX is being expanded (e.g. use of Tree Preservation Order module and Public Access)   | <b>Complete</b>   |
| 26.  | Revise the validation process to be a back of house function.   | Engagement and workshop conducted with individual teams and jointly. A resource analysis has been completed to understand the required resource to absorb validation requirements.<br><br>Transfer of activity to commence in July 2021. | The Planning restructure has resulted in additional resourcing in the planning support team – validation function to move across from Spring 2023.                 | <b>Complete</b>   |
| 27.  | Ensure clarity within the Council on who holds responsibility for the delivery of the IT strategy, updates, and training of staff.  | Included within Item 25 once current upgrades have been implemented.   | Spring / Summer 2022 Completion with external supplier.  | <b>Complete</b>   |
| <b>Officer and Member Programme – Engagement with Planning Committee and Other Processes</b> |   |  |  |   |
| 15.  | Create a clearly defined pre-application process which distinguishes between strategic and minor applications, and between corporate discussions in relation to growth and investment versus technical input from the planning service. | Further work will be undertaken in 2022 to review the pre-application advice service and this will include further protocols to support member engagement.   | Commencement: January 2022   | <b>Complete</b>   |
| 16.  | The Council should replace the existing 'Design Pad' with full briefings for all members of the Committee on major applications.  | Design pad has been retained with amendments to ensure smooth running of the service and to reduce the risk of probity.  | Commencement: January 2022   | <b>Complete</b>   |

|     |   |   |  |                 |
|-----|---|---|--|-----------------|
|     |   | The delivery of this service will be reviewed as part of the overall pre-application process (item 15).   |  |                 |
| 29. | Establish clear pathways for engagement with the Council at strategic and operational levels in respect of planning consents and development proposals. For example: Developers to meet with Leader and Chief Executive or Director only. No members of the planning committee should be meeting with developers. | <p>Following an external review a suggested pathway has been developed with clear roles in engaging with developers (i.e. who should/should not communicate with developers at different stages).</p> <p>Clear protocols have been established with significant engagement with members ensuring this is clarified. The next items of work will be to examine the pre-application advice service to ensure we are evolving with the demands of the service. This is to be delivered in line with items (15 and 16).</p> | Partially completed through the adopted protocols. Linked with items 15 and 16 in relation to Member engagement. | <b>Complete</b> |

Table 2

| Action No.   | Action   | Completed   | Expected Completion Date   |
|--|--|---|--|
| <b>Officer Programme – Operation of Planning Service</b> |  |   |  |
| 11.  | Develop a tailored and targeted member training programme which addresses specific concerns and in particular addresses issues raised around application of planning policy in decision making, the framework and appropriate use of conditions, and the key stages in determination of a larger planning application. | <ol style="list-style-type: none"> <li>1. Audit of the training which has taken place.</li> <li>2. Review training for gaps and examine training process for committee members.</li> <li>3. Future training needs identified and a draft schedule developed to support ongoing development of the planning service.</li> </ol> <p>Training schedule in place until February 2022.</p> | Complete   |
| 12.  | A series of workshops in relation to Local Plan “ownership” and future revisions. This is likely to be an ongoing piece of engagement with elected members.  | <p>Programme of training to be constructed and shared as per Recommendation 11.</p> <p>Early delivery includes Sessions on 27th January and 24th February on Local Plan housing/environmental policies and the draft Design SPD.</p> <p>Future sessions to be incorporate as part of the ongoing training programme.</p>  | Complete – February 2021 (with ongoing action)   |
| 13.  | More training for officers on best practices when presenting to the planning committee.  | The newly appointed Director for Growth and Culture to oversee the delivery of this action. The sessions to be delivered with support of Chair and Vice Chair of planning committee.  | Completed - with ongoing training; all officers are encouraged to present their own cases to Committee as part of their development.   |
| 17.  | Quarterly reporting of Section 106 income and expenditure, and enforcement matters should be scrutinised by the monitoring officer and reported to committee.  | Publication of the Infrastructure Funding Statement and Associated documents to MHCLG. Regular quarterly briefings for Planning Committee in place.   | Complete - December 2020 (with ongoing action)   |
| 21.  | Implement a system of regular Directorate Team meetings between the Director and the Heads of Service to provide leadership, direction and focus to the service.   | Regular management meetings scheduled with Assistant Director of Planning. Weekly Team Leaders meetings and 1-2-1s in place.  | <p>Complete</p> <p>Regular 1-2-1 meetings have been booked and made available for members of the team.</p> <p>Team Leader Meetings across Planning, Planning Policy and Support Team held on a weekly basis.</p> <p>Monthly Planning Department team meeting in place.</p> |
| 22.  | Linked to resolving issues of structure and permanence within the officer core, establish a culture of collaborative and strong leadership including regular opportunities for engagement between officers, Heads of Service and Directors.  | Create channels for junior staff to receive regular communications and seek support from Leadership. Ensure engagements from 1-2-1's are meaningful and support the development of officers.  | Complete and continues as per yearly appraisal.  |

|  |   |  |   |
|--|---|--|---|
| 23.  | Establish a system of performance indicators which are easily understood by members and officers and hold regular feedback sessions for teams and individuals.  | Service Plan developed and approved in April 2021. Delivery against objectives and implementation to continue.<br><br>Continuous review of the KPIs to ensure an accurate reflection of the Corporate Plan Objectives and to deliver improvements to service performance.  | Complete  |
| 24.  | Develop in-house experience within the planning team by aligning Special Projects, the Local Plan, and Development Management teams under a single head of planning service and exercise greater restraint over the use of external consultants.            | Review Structure aligned to Assistant Director role and implemented (May-June 2021). Item achieved within current structures. Senior Planning Officer's started in May 2021 / Enforcement Officer August / recruitment in place for Principle Conservation officer and Assistant Director of Planning appointed to join in September 2021.   | Complete  |
| 28.  | The conditions for permanence within the staffing structure and review recruitment proposition to ensure the Council can attract and retain high quality personnel. This will enable clear leadership, structure, and lines of engagement between officers. | Review Structure aligned to Assistant Director of Planning role and further programmed work to take place.   | Complete November 2022 with a restructure of the service  |
| 5.   | Senior staff advice including legal advice, should routinely be available to committee members at the committee   | This has been agreed and implemented.  | Complete  |
| <b>Officer and Member Programme – Engagement with Planning Committee and Other Processes</b> |   |  |   |
| 1.   | Consider whether the present Committee arrangements are fit for purpose   | The committee arrangements are being considered as part of a wider review of protocols and processes, which are referenced in the actions outlined below.  | Following significant engagement with Councillors including the Planning Committee new protocols and constitutional arrangements have been in place since July 2022 |
| 2.   | Clarify the protocols for representations to the Planning Committee, ensuring consistency and equity in those for and against an application. Adhere strictly to the time limits.   | Current speaking arrangements and protocols for representations are appropriately clear and have been clarified in Informal Committee meetings.<br><br>The Chair and Vice Chair of the Planning Committee are responsible for ensuring that these protocols are adhered to.  | Completed July 2002 (as no. 1 above)  |
| 3.   | Ensure the new protocols are published and readily understood by all participants at each planning committee and that prospective speakers are reminded of them before the meeting.   | Existing protocols and amendments have been presented in consecutive committees.<br><br>Two informal consultations we're undertaken with Planning Committee with the process being overseen by the Chair of Planning and the Cabinet Member for Planning & Planning Policy.<br><br>Revisions to the protocols will now be considered by relevant committees prior to formal adoption (i.e. Constitution Committee and Full Council). | Completed July 2022 with training provided to Councillors (as no. 1 above)  |
| 6.   | The Council changes its procedures to ensure applications are only refused at Committee where members have voted to do so based on clear and cogent planning grounds.   | A Local Code of Good Practice has been provided which outlines guidance to members throughout the process of determination. This will aid committee members and add to further learning from member training sessions.   | Complete with ongoing training plan in place.   |
| 7.   | Agree a revised Scheme of Delegation collaboratively with elected members for adoption by the Council and ensure any deviation can only be agreed on an exceptional basis by the Chief Executive, in consultation with the Leader of the Council.           | Following consultation with the Planning Committee – a proposed scheme of delegation will be taken forward.<br><br>This was voted and agreed at the 26 November 2021 Informal Planning Committee.  | Completed (July 2022 as no. 1 above)  |
| 8.   | Agree a revised Call-In protocol which permits members to call-in applications within their wards, on submission of a request containing a sound planning reason. This should be adjudicated by a senior manager, ideally the Service Director.             | Following consultation with the Planning Committee – the call-in procedure was examined in detail. Call-ins will now be adjudicated by the Chair and Vice-Chair of Planning in Consultation with the Assistant Director of Planning.<br><br>This was voted and agreed at the 26 November 2021 Informal Planning Committee.   | Completed (July 2022 as no. 1 above)  |

|     |  |   |  |
|-----|--|---|--|
| 9.  | The creation of a criteria for when an application justifies a site visit will help provide greater clarity and confidence in the planning system.   | <p>Following consultation with the Planning Committee – a revised site visit process will be taken forward.</p> <p>Members are able to undertake site visits individually. Risks associated with Health and Safety, Lone-Working and Probity will be the responsibility of the elected member.</p> <p>A regular schedule of site visits will be set and scheduled for Planning Committee members to attend.</p> <p>Guidance can be read in the Local Code of Good practice.</p>   | Completed (July 2022 as no. 1 above)                                     |
| 10. | Further, a Code of Conduct for members when attending site visits will help protect the council and members from any vexatious or otherwise pre-determination and other legal challenges.  | <p>Following consultation with the Planning Committee – a revised site visit process will be taken forward.</p> <p>Members are able to undertake site visits individually. Risks associated with Health and Safety, Lone-Working and Probity will be the responsibility of the elected member.</p> <p>A regular schedule of site visits will be set and scheduled for Planning Committee members to attend.</p> <p>Guidance can be read in the Local Code of Good practice.).</p> | Completed (July 2022 as no. 1 above)                                     |
| 14. | The Council should revise the expectations of elected members who serve on the Planning Committee to ensure the highest standards of transparency and openness in relation to other tiers of Government in the District.   | <p>This was examined within both Informal Planning Committees and a Local Code of Good Practice has been provided to support the Members who serve upon the committee.</p> <p>Significant chapters to aid this section include:</p> <ul style="list-style-type: none"> <li>- Fettering discretion in the planning process</li> <li>- Lobbying</li> <li>- Decision Making</li> <li>- Site Visits</li> </ul>  | Completed (July 2022 as no. 1 above)                                     |
| 19. | Use the opportunity of a revised planning and development structure to revisit member and officer relationships through the lifecycle of an application to ensure value added and appropriate interaction. This could be achieved through internal and external training and support - and must be undertaken collaboratively. | <p>The new Assistant Director of Planning in engaging with the service has reclarified the roles of Members and Officers. This will be supplemented by the Member training programme.</p> <p>This has been identified in the Local Code of Good Practice where Member and Officer roles are outlined. The guide goes further to identify the 'do' and 'do not' items to assist member interaction throughout the lifecycle of an application.</p>                                 | Completed with scheduled member training programme as an ongoing item.   |
| 20  | Outlines the clear roles and responsibilities of elected members and officers in the determination of planning applications.   | <p>To be communicated and clarified as part of any process involving revisions to delegations and processes.</p> <p>Further training will also be available to support Members and Officers.</p> <p>The Local Code of Good Practice outlines Member and Officer roles across various scenarios. The guide goes further to identify in context, where members should be cautious and approach situations with clarity of various risks.</p>  | Completed Local protocols adopted July 2022                              |
| 4.  | Specific training for Chair and Vice-Chair on running procedures and Chairing of meetings.   | To be examined and provided in consultation with the Chairman and Vice-Chairman of the Planning Committee alongside the Director of Growth and Culture and newly appointed Assistant Director for Planning.   | Completed 6 <sup>th</sup> October 2021 – Chairing Skills for Councillors |



**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**



## Governance and Audit Committee

13 March 2024

Councillor Ashley Baxter  
Leader of the Council,  
Cabinet Member for Finance and  
Economic Development

## 2023/24 Accounting Policies and Publication Date of the Statement of Accounts

### Report Author

Alison Hall-Wright, Deputy Director (Finance and ICT) and Deputy Section 151 Officer

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### Purpose of Report

In line with the Committee's terms of reference, the Council's Accounting Policies are reviewed annually, prior to the preparation of the Statement of Accounts, to ensure that they are up to date and in line with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

### Recommendations

#### That the Committee:

1. Approves the Statement of Accounting Policies, as set out at Appendix A to this report, to be used in the production of the 2023/24 Financial Statements.
2. Notes the dates for the publication of the draft and final audited Financial Statements.

### Decision Information

|   |                   |
|---|-------------------|
| Does the report contain any exempt or confidential information not for publication? | No                |
| What are the relevant corporate priorities?   | Effective council |
| Which wards are impacted?   | All Wards         |

## **1. Implications**

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

### ***Finance and Procurement***

- 1.1 Prior to the compilation of the Statement of Accounts for 2023/24 it is important that members of Governance and Audit Committee have the opportunity to discuss and comment on the accounting policies to be used in the production of the financial statements. These policies, if agreed, will be applied to the treatment of all transactions that make up the figures in the Statement of Accounts. This will ensure the accounts present a true and fair view of the financial position of the Council at the balance sheet date and of its income and expenditure for the financial year.

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

### ***Legal and Governance***

- 1.2 Local authorities are required by the Local Audit and Accountability Act 2014 to prepare a Statement of Accounts in accordance with relevant regulations. The policies referred to are a requirement of the Accounts and Audit (England) Regulations 2015. Any updates and amendments should be reported to Governance and Audit Committee in accordance with its role to approve the Statement of Accounting Policies.

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

## **2. Background to the Report**

- 2.1 As part of its Statement of Accounts, the Council needs to disclose the accounting policies it has applied to all material balances and transactions. These are produced in line with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (The Code).
- 2.2 It is good practice to consider and adopt the accounting policies in advance of the production and approval of draft accounts. Consequently all accounting policies have been reviewed for the 2023/24 financial year to ensure that they comply with The Code. The 2023/24 CIPFA Code has only minor changes compared to 2022/23, none of which are judged material in relation to the Council's Statement of

Accounts and so no amendments have been deemed necessary to the 2022/23 policies. Appendix A details the accounting policies to be applied in the preparation of the 2023/24 Statement of Accounts.

- 2.3 The following table details the publication dates for the draft and audited 2023/24 Statement of Accounts subject to government consultation.

|                               | Publication date of<br>2023/24 Statement of Accounts |
|-------------------------------|--|
| Draft Statement of Accounts   | 31 May 2024  |
| Audited Statement of Accounts | 30 September 2024                                    |

- 2.4 During the year-end process there may be changes required to the policies arising from changes in circumstances or updated guidance. These will be agreed with the Section 151 Officer and reported to Governance and Audit Committee alongside the final Statement of Accounts.

### **3. Key Considerations**

- 3.1 The accounting policies have been produced in accordance with The Code which the Council is required to comply with when producing the Statement of Accounts

### **4. Other Options Considered**

- 4.1 No other options are available as the Council is required to comply with The Code.

### **5. Reasons for the Recommendations**

- 5.1 As part of the Accounts and Audit (England) Regulations 2015 Local Authorities are required to include Accounting Policies in the Statement of Accounts.

### **6. Appendices**

- 6.1 Appendix A – 2023/24 Accounting Policies

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## **ACCOUNTING POLICIES**

### **I. GENERAL PRINCIPLES**

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### **II. ACCRUALS OF INCOME AND EXPENDITURE**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- The impact of IFRS15: Revenue from Contracts with Customers has been considered and deemed to have no material impact.

### **III. CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments

that mature in 30 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

#### **IV. CHARGES TO REVENUE FOR NON-CURRENT ASSETS**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year.

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and Impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the loss can be written off.
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### **V. COUNCIL TAX AND NON-DOMESTIC RATES**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

##### **Accounting for Council TAX and NDR**

The council tax and NDR included in the Comprehensive Income and Expenditure Statement is the council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

## **VI. EMPLOYEE BENEFITS**

### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees. These expenses are charged on an accruals basis to the relevant service line of the Comprehensive Income and Expenditure Statement.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accruals basis to the appropriate service, or where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the council recognises costs for a restructuring.

### **Post-Employment Benefits**

Employees of the Council are members of the Local Government Pension Fund, administered by Lincolnshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Council recognises the cost of retirement benefits in the revenue account when employees earn them, rather than when the benefits are eventually paid as pensions.

### **Local Government Pension Scheme**

The Local Government Scheme is accounted for as a defined benefit scheme:

- The liabilities of the Lincolnshire County Council pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- The assets of the Lincolnshire County Council pension fund attributable to the Council are included in the balance sheet at their fair value.

The change in the net pensions liability is analysed into the following components:

- Service Cost comprising:
  - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked
  - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income

and Expenditure Statement as part of Non Distributed Costs

- Net interest on the net defined pension liability (asset) i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Remeasurement comprising:
  - The return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) charged to the Pension Reserve as Other Comprehensive Income and Expenditure
  - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumption – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
  - Contributions paid to the Lincolnshire County Council pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary Benefits**

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## **VII. FINANCIAL INSTRUMENTS**

### **Financial Liabilities**

Financial Liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For all of the borrowing that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principle repayable (plus accrued interest) and interest

charged to the Comprehensive Income and Expenditure Account is the amount payable for the year in the loan agreement.

### **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for Statements the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

### **Financial Assets Measured at Fair Value through Profit of Loss**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **VIII. GOVERNMENT GRANTS & OTHER CONTRIBUTIONS**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments, and
- The grants or contributions will be received

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potentially embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Money advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

### **IX. HERITAGE ASSETS**

Heritage assets are held or maintained principally for their contribution to knowledge and culture. They are initially recognised at cost if this is available. If cost is not available, values are only included in the Balance Sheet where the cost of obtaining valuation is not disproportionate to the benefit derived. For most of the Council's heritage assets, insurance valuations are used. Where no market exists or the asset is deemed to be unique, and it is

not practicable to obtain a valuation, the asset is not recognised in the Balance Sheet but disclosed in the notes to the accounts.

Heritage assets are depreciated over their useful life if this can be established. If an asset is considered to have an indefinite life, no depreciation is charged. Disposals, revaluation gains and losses and impairments of heritage assets are dealt with in accordance with the Council's policies relating to property, plant and equipment.

The cost of maintenance and repair of heritage assets is written off in the year incurred.

## **X. INTANGIBLE ASSETS**

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of the Council's website is not capitalised.

Intangible Assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gains or losses arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure Line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

The useful life of intangible assets is assessed by the Chief Finance Officer at the time of acquisition. Intangible assets are derecognised when no future economic benefits are expected from them.

## **XI. INTERESTS IN COMPANIES AND OTHER ENTITIES**

The Council has a material interest in LeisureSK, Gravitas and EnvironmentSK. The nature of these relationships has been assessed and they are deemed to be subsidiaries. The Council is not currently required to produce group accounts for EnvironmentSK on the grounds of materiality. In respect of Gravitas and LeisureSK the Council produces Group Accounts.

## **XII. INVENTORIES AND LONG TERM CONTRACTS**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the provision of services with the value of works and services received under the contract during the financial year.

### **XIII. INVESTMENT PROPERTY**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **XIV. LEASES**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

#### **The Council as Lessee**

##### **Finance Leases:**

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the leases inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor e.g. payments net of financing costs. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into the lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the period in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease

term if this is shorter than the assets estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

### **Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the patterns of payments (e.g. there is a rent free period at the commencement of the lease).

### **The Council as Lessor**

#### **Finance Leases**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal and replaced by a long-term debtor in the Balance Sheet valued on the future income due under the finance lease.

#### **Operating Leases**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

## **XV. OVERHEADS AND SUPPORT SERVICES**

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

## **XVI. PROPERTY, PLANT AND EQUIPMENT**

Assets that have physical substance and are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property Plant and Equipment.

### **Recognition:**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council, over more than one year and that the cost of the item can be measured reliably. Expenditure that maintains but does not add to an assets potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

The Council has a de-minimis of £10,000 for capital expenditure, with the exception of the purchase of motor vehicles. Where the total cost of an asset is higher than £10,000 but only part of the expenditure has occurred within a financial year that expenditure would be included in the balance sheet even if it was below the de minimis level.

## Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Council does not capitalise borrowing costs incurred while assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Dwellings – current value determined using the basis of existing use value for social housing (EUV-SH). The social housing discount applied in 2023/24 is 42%.
- Community assets and assets under construction – historic cost.
- Plant, Vehicles & Equipment – depreciated historical cost
- All other classes of assets – current value, unless there is no market-based evidence of fair value because of the specialist nature of the asset. In this case fair value is estimated using the Depreciated Replacement Cost method.

Assets included in the Balance Sheet at current value are re-valued where there have been material changes in the value, but as a minimum every five years. Valuations of property assets are carried out by the District Valuer, an external, qualified valuer, who is independent of the Council. The method of valuations is as recommended by CIPFA and in accordance with the principles and guidance notes issued by the Royal Institute of Chartered Surveyors. Operational assets constructed or acquired during the year will be re-valued on 31 March of the following year.

Increases as a result of revaluations are debited to the appropriate asset account, with the opposite entry going to the Revaluation Reserve to recognise unrealised gains, except to the extent where it reverses a previous revaluation loss that was charged to a service revenue account within the Comprehensive Income & Expenditure Statement. In this case the revaluation gain will first be used to offset the previous loss and any further gain is then taken to the Revaluation Reserve. Revaluation gains charged to Surplus or Deficit on Provision of Services are transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

Decreases as a result of revaluation, which are not specific to one asset but affect several, are revaluation losses as opposed to impairments. The decrease is recognised in the Revaluation Reserve up to the balance in respect of each asset affected and then in Surplus or Deficit on Provision of Services. Any such charge taken to Surplus or Deficit on Provision of Services is then transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

## **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement,

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

A full year of depreciation is charged in the year of acquisition and none in the year of disposal.

Depreciation is calculated on the following bases:

- Land is not depreciated as it will not have a finite life.
- Council Dwellings and Other Buildings are depreciated using the straight line method. The finite useful life is assessed by the District Valuer at the time of revaluation but for Council Dwellings is usually 50 years, and for other buildings is between 1 and 60 years.
- Plant and Equipment are also depreciated by the straight line method. Useful life is assessed by the Chief Finance Officer at the time of acquisition, usually between 3 and 10 years. Some assets have a longer life span, up to 30 years.
- Vehicles are depreciated using the reducing balance method at a rate of 25% per annum.
- Non-current assets held-for sale are not depreciated.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## **Componentisation**

Only assets with a carrying amount more than or equal to £500,000 at the beginning of the financial year are considered for componentisation. To be recognised as a component the value of the part of the asset being considered must be more than or equal to 10% of the value of the asset, and have a life less than or equal to half that of the main asset. When a component is replaced, the carrying amount of the old component is derecognised and the new component is recognised. If the carrying amount of the old component is not known, this is estimated by indexing back from the cost of the new component and adjusting for depreciation and impairment over the old component's useful life. The Building Costs Index will be used.

The depreciation calculated is charged to the service revenue accounts, central support service accounts and trading accounts.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## **Disposals and Non-current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is classified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to a fair value less costs to sell, the loss is posted in the Other Operating Expenditure line in the Comprehensive Income and Expenditure statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts related to housing disposals is payable to the Government. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement).

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

## **XVII. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

The council has made a provision for settling the self-insured element of Public Liability insurance claims.

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **XVIII. RESERVES**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes e.g. for non-current assets, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

## **XIX. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

## **XX. VAT**

VAT is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## **XXI. FAIR VALUE MEASUREMENT**

The Council measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset



**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**



## **Governance and Audit Committee**

13 March 2024

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

## **Proposed amendments to the Council's Constitution**

### **Report Author**

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

 [graham.watts@southkesteven.gov.uk](mailto:graham.watts@southkesteven.gov.uk)

### **Purpose of Report**

This report provides the Governance and Audit Committee with an opportunity to consider proposed amendments to the Council's Constitution and make any recommendations to Full Council for approval.

## **Recommendations**

**That the Governance and Audit Committee recommends the following Constitutional amendments to Full Council:**

- 1. That the following training and development sessions be mandatory for all Members of the Council:**
  - **Councillor Code of Conduct**
  - **Equality and Diversity**
  - **PREVENT**
  - **Safeguarding**

- 2. That failure to attend training and development sessions within six months of the Council's Annual Meeting, or six months since election to office, means that a Member is unable to act on any committees or bodies to which they have been appointed until they have attended all mandatory training and development sessions.**
  
- 3. That the relevant Articles and Procedure Rules in Part 2 (Articles) and Part 4 (Rules of Procedure) of the Constitution in respect of its committees or other bodies be amended to reflect (1) and (2) above.**
  
- 4. That the following be included under the list of notices referred to in paragraph 24(e) (Planning and Planning Policy) in Part 3(c) of the Constitution (Responsibility for Functions – Delegated Powers to Officers) and the Planning Scheme of Delegation at Appendix 1 of the same part of the Constitution:**
  - Urgent Works Notices (Listed Buildings)**
  - Repairs Notices (Listed Buildings)**
  
- 5. That the Planning Scheme of Delegation in Appendix 1 of Part 3 (Responsibility for Functions) be amended to reflect that the Director of Planning is authorised to issue those notices listed in the document, subject to consultation with Legal Services.**

## Decision Information

|   |                   |
|---|-------------------|
| Does the report contain any exempt or confidential information not for publication? | No                |
| What are the relevant corporate priorities?   | Effective Council |
| Which wards are impacted?   | N/A               |

## 1. Implications

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

### ***Finance and Procurement***

1.1 There are no financial implications arising from this report.

Completed by: Richard Wyles, Deputy Chief Executive and Section 151 Officer

### ***Legal and Governance***

1.2 There are no specific legal and governance implications that have not already been referred to 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 The Governance and Audit Committee is required to consider any proposed amendments to the Council's Constitution before Full Council is able to approve them, unless there is alternative provision elsewhere in the Constitution.

2.2 A number of proposed amendments to the Constitution are included within this report for the Committee's consideration.

### 3. Key Considerations

#### *Mandatory training for all Members*

- 3.1 The Council is working towards accreditation for the East Midlands Councillor Development Charter and has a target to achieve this by December 2025.
- 3.2 Consideration has been given to the uptake of training sessions held for Members since the elections held in May 2023 and those sessions in particular where it was expected that all Members attend.
- 3.3 The Governance and Audit Committee, Licensing Committee, Planning Committee and Standards Committee require a Member to undertake mandatory training before they are able to act on the respective committees and this is prescribed in the Constitution.
- 3.4 The only other training prescribed in the Constitution is Councillor Code of Conduct training, with the requirement to attend training forming part of the Code. Failure to attend training could constitute a breach of the Code of Conduct.
- 3.5 It is considered that there are other training and development sessions which all Members should attend to assist them in their roles, protecting themselves as well as the authority in their day to day activities as well as in relation to the contributions and decisions they make at the Council's public meetings.
- 3.6 It is therefore proposed that all Members of the Council must attend the following training and development sessions within **six months** of the Council's Annual Meeting each year:
  - Councillor Code of Conduct
  - Equality and Diversity
  - PREVENT
  - Safeguarding
- 3.7 It is further proposed that failure to attend the above training events within the six month period would mean that the respective Member(s) would not be able to act on any committees to which they have been appointed until all mandatory training was completed.
- 3.8 The Member Development Programme will include numerous opportunities to Members to engage with each session in the six month period after the Council's Annual Meeting each year, both during the day or in the evening in person or remotely.

## **Planning and Planning Policy – minor amendment**

3.9 It has been noted that the following notices are not currently included within the officer scheme of delegation under paragraph 24(e) (Planning and Planning Policy) in Part 3(c) of the Constitution (Responsibility for Functions - Delegated Powers to Officers) or the planning scheme of delegation document at Appendix 1 of the same part:

- Urgent Works Notices (Listed Buildings)
- Repairs Notices (Listed Buildings)

3.10 It is therefore proposed that the Constitution be amended to add these to the list of notices included within paragraph 24(e) (Planning and Planning Policy) and Appendix 1 of Part 3 of the Constitution (Planning Scheme of Delegation)

3.11 Under the heading 'Planning service: enforcement in Appendix 1 of Part 3 (Planning Scheme of Delegation), it states that the Assistant Director of Planning is authorised to serve notices in consultation with the Assistant Director of Governance and Public Protection, which is contrary to paragraph 24(e) of the scheme of delegation which states that consultation should take place with Legal Services.

3.12 It is therefore proposed that the relevant wording for both aspects of the consultation regarding the issuing of notices should be consultation with legal services and that this replaces reference to the Assistant Director of Governance in the Planning Scheme of Delegation.

## **4 Other Options Considered**

4.1 Not to make any amendments to parts of the Constitution identified in this report.

4.2. To recommend any other amendments to the Council's Constitution.

## **5. Reasons for the Recommendations**

5.1 The addition of mandatory training for Members will ensure that the elected membership of the Council has received sufficient training on those matters considered to be significant, which will protect them and the wider authority when carrying out their roles.

5.2 The other recommendations set out in this report seek to improve the effectiveness and efficiency of specific rules in the Council's Constitution.

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SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL



## Governance and Audit Committee

13 March 2024

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

## Complaints Statistics: April 2022 to February 2024

### Report Author

Charles James, Policy Officer

✉ [Charles.James@southkesteven.gov.uk](mailto:Charles.James@southkesteven.gov.uk)

### Purpose of Report

To present the complaints statistics for the period April 2022 to February 2024.

### Recommendations

#### That the Committee:

1. Notes the information contained within the report;
2. Notes that from 1 April 2024 complaints will be regularly reported under the new Key Performance Indicator (KPI) suite accompanying the Corporate Plan 2024-2027.

### Decision Information

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

## 1. Implications

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

### ***Finance and Procurement***

1.1 There are no financial implications resulting from this report.

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

### ***Legal and Governance***

- 1.2 The Statutory Officers of the Council review the complaints on a monthly basis as is best practice.
- 1.3 The number of complaints received to the Council should be publicly available at the end of each year and will be published on the Council's website.
- 1.4 As part of the proposed new Corporate Plan the KPIs will include reporting the Q2 (mid-year) and end of year information to the appropriate scrutiny committee.
- 1.5 The customer feedback process is outlined in the report below.

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

## **2. Background to the Report**

- 2.1 The Council has operated a Customer Feedback Process, Compliments, Comments and Complaints since 2013. Feedback can be provided via completion of a form online, emailing the customer services team, calling the customer service team or submitting written correspondence.
- 2.2 The current Customer Feedback Process: Compliments, Comments & Complaints was introduced in October 2021. Housing complaints are dealt with via the Housing Customer Feedback Policy 2021. Both follow the same process and timescales, the difference is the responsible Ombudsman in escalated cases.
- 2.3 There are three stages to the complaints process:
- Stage 1: the Council will acknowledge a formal complaint within three working days and provide a full response within ten working days.
  - Stage 2: If the complainant is not satisfied with the response, the complaint can be escalated with a request to review the Stage 1 response. Council will acknowledge the review request within three working days and provide a full response within twenty working days.
  - If the complainant remains dissatisfied by the Stage 2 review, the matter can be escalated to either the Local Government & Social Care Ombudsman or the Housing Ombudsman (depending on subject of the complaint), which will carry out an independent investigation into allegations of maladministration causing an injustice to anybody who has complained.
- 2.4 Received complaints are initially assessed for their information, and whether the request has been allocated to the service area correctly. For example, Waste service requests e.g. to collect a missed bin are not logged as complaints. Complaints are defined according to the definition set out in the Customer Feedback Process and Housing Customer Feedback Policy. The Council is unable to investigate a complaint if any of the following circumstances is the case:
- More than three months has passed since the problem occurred.
  - The new complaint is a previously concluded complaint, or the complainant is wanting a previous complaint reconsidered.
  - The complaint has not been escalated within 30 days.
- 2.5 The process for managing vexatious, unreasonable and/or persistent behaviour is detailed in Appendix 1 of the Customer Feedback Process, and section 19 of the Housing Customer Feedback Policy.

- 2.6 The Council is committed to learning from complaints to help identify where service improvements are required. All complaints are recorded and monitored. The information is used to help and inform service delivery and improvement. This process takes place on an individual service by service basis.
- 2.7 The information on complaints is reported to the relevant Council committees, the Corporate Management Team (CMT) and Statutory Officers meeting.
- 2.8 In March 2022, the Council changed complaint management and monitoring system. This change has significantly improved the monitoring and management of complaints.
- 2.9 In February 2024, the Local Government & Social Care Ombudsman, and the Housing Ombudsman published new Complaints Handling Codes.

### **3. Key Considerations**

- 3.1 Trends are presented and analysed at the organisation and service level. For each service the views of the responsible officers have been sought to explain trends, lessons learned and planned work to deliver further improvements in 2024- 2025.

#### **Organisation Level Trends**

- 3.2 Over the period April 2021 to February 2024, the Council received 3243 complaints. There has been a steady improvement in resolution times (detailed in Table 1). In the period April 2021-2022 of the 879 complaints received only 9.97% or 85 were closed within the defined timeframes. The average complaint was open for 73 working days. In 2022-2023 the resolution time rate was improved to 38.18%, with the average time open falling to 39 working days. The trend continued in 2023-2024. 59% of complaints were resolved on time, with the average complaint open for 16 working days. This is a significant improvement based on previous years; however, performance remains below target timeframes. An action plan is being developed to improve performance further.
- 3.3 A very small proportion of complaints generally are escalated to stage 2. In 2023-2024 3.19% or 27 complaints were escalated. This compares to 61 or 5.18% in 2022-2023. For Housing, 19.81% of complaints (22) were escalated to Stage 2. 1 Housing complaint was escalated to Stage 2 in 2022-2023.

| <b>Table 1: SKDC Complaints – All Services - April 2021-Feb 2024</b> |                                       |                                      |  |
|--|---------------------------------------|--------------------------------------|--|
|  | <b>1 April – 31 March<br/>2021/22</b> | <b>1 April –31 March<br/>2022/23</b> | <b>April to date (13 Feb<br/>2024) 2023/24</b> |
| Complaints Received<br>(incl. open complaints)                       | 879                                   | 1359                                 | 1005   |
| Total closed on time   | 85                                    | 519                                  | 593  |
| % closed on time   | 9.97%                                 | 38.18%                               | 59%  |
| Total overdue  | 794                                   | 840                                  | 410  |
| Total open (date of<br>export)                                       | 0                                     | 0                                    | 28   |
| Average working days<br>open (all)                                   | 73                                    | 39                                   | 16   |
| Average working days<br>open (overdue)                               | 81                                    | 61                                   | 32   |
| Overdue complaints<br>open 50+ days                                  | 576                                   | 426                                  | 84   |
| Overdue complaints<br>open 100+ days                                 | 148                                   | 165                                  | 8  |
| Overdue complaints<br>open 150+ days                                 | 94                                    | 28                                   | 1  |
| Overdue complaints<br>open 200+ days                                 | 58                                    | 3                                    | 0  |
| Overdue complaints<br>open 250+ days                                 | 15                                    | 1                                    | 0  |
| Overdue complaints<br>open 365+ days                                 | 1                                     | 1                                    | 0  |

3.4 Considered by Service Area, there is substantial variation in the number of complaints received and the degree of improvement, as detailed in Table 2. Note a service level breakdown is not available for 2021-2022.

| <b>Table 2: SKDC Complaints by Service Area - April 2021-Feb 2024</b> |                            |                           |                |                                     |                                     |                |                                     |
|---|----------------------------|---------------------------|----------------|-------------------------------------|-------------------------------------|----------------|-------------------------------------|
| Service   | 1 April – 31 March 2021/22 | 1 April –31 March 2022/23 |                |                                     | April to date (13 Feb 2024) 2023/24 |                |                                     |
|   | Complaints Received        | Complaints Received       | Closed on time | Average days for overdue complaints | Complaints Received                 | Closed on time | Average days for overdue complaints |
| Council Total   | 879                        | 1359                      | 519 (38.19%)   | 61                                  | 1005                                | 593 (59%)      | 32                                  |
| Waste   | N/A                        | 440                       | 273 (62.05%)   | 53                                  | 351                                 | 304 (86.61%)   | 36                                  |
| Housing   | N/A                        | 478                       | 105 (21.97%)   | 72                                  | 364                                 | 181 (49.73%)   | 29                                  |
| Public Protection   | N/A                        | 80                        | 28 (35%)       | 47                                  | 77                                  | 29 (37.66%)    | 33                                  |
| Parks & Street Scene  | N/A                        | 26                        | 5 (19.23%)     | 69                                  | 36                                  | 17 (47.22%)    | 43                                  |
| Corporate <sup>1</sup>  | N/A                        | 53                        | 25 (47.17%)    | 48                                  | 28                                  | 10 (35.71%)    | 33                                  |
| Revenue & Benefits  | N/A                        | 121                       | 19 (15.70%)    | 53                                  | 73                                  | 20 (27.40%)    | 33                                  |
| Customer Services   | N/A                        | 25                        | 7 (28%)        | 49                                  | 7                                   | 5 (71.43%)     | 20                                  |
| Leisure & Arts  | N/A                        | 13                        | 7 (53.85%)     | 79                                  | 3                                   | 2 (66.67%)     | 47                                  |
| Planning  | N/A                        | 61                        | 30 (49.18%)    | 29                                  | 46                                  | 17 (36.96%)    | 32                                  |
| Property  | N/A                        | 61                        | 20 (32.79%)    | 51                                  | 18                                  | 7 (38.89%)     | 41                                  |
| Building Control  | N/A                        | 0                         | 0              | 0                                   | 2                                   | 2 (100%)       | 0                                   |

3.5 The majority of complaints are directed to Waste and Housing, combined 71.14% of total complaints in 2023-2024 so far. Building Control and the multiple services composing the aggregated category of Corporate received the fewest. The proportion of complaints to each service has remained consistent over the examined period.

3.6 With the exception of Planning and the aggregated Corporate Services, improvements in the rate of resolution within the required timescales have occurred for all examined service areas (Figure 2). The greatest improvement has been in Waste (58.17% to 82.93%) and Housing (16.52% to 54.86%). This is positive progress, yet significant scope for further improvement remains. Building Control have a 100% resolution rate, but only two complaints.

<sup>1</sup> Corporate is an aggregation of the following services for the purpose of this exercise: Business Support, Communications, Commercial & Operational, Corporate Projects & Performance, Democratic Services, Facilities, Finance, HR, ICT and Legal.

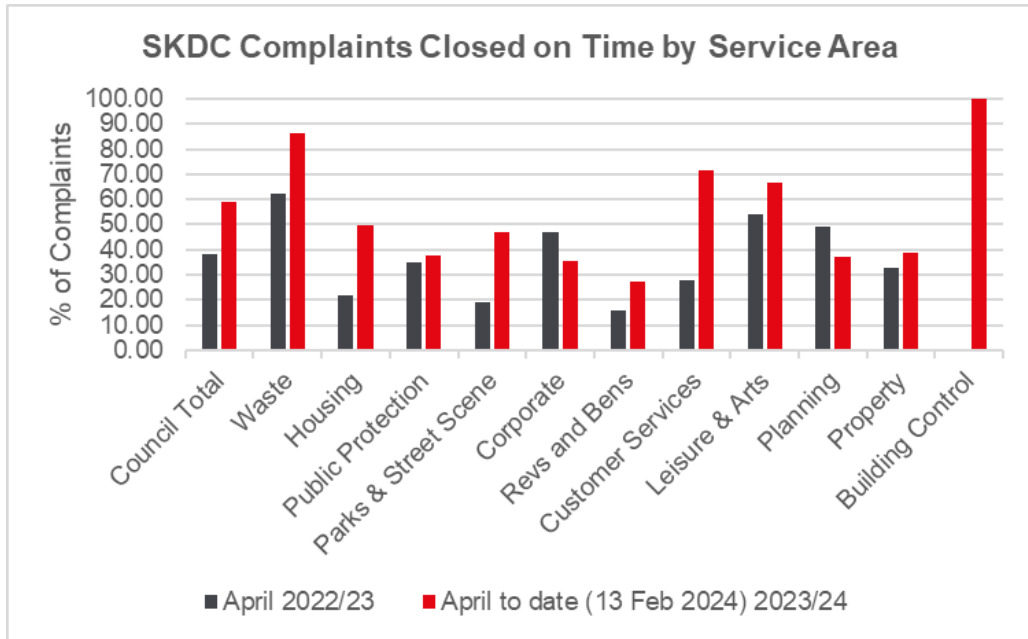


Figure 1 - SKDC Complaints Closed on Time by Service Area April 2022 to February 2024, Meritec Complaints Dashboard

3.7 A similar positive trajectory is seen in reductions of the resolution time for overdue complaints (Figure 3). The best performer here is Housing with a reduction from an average of 72 working days for overdue complaints to 29. Customer Services and Arts & Leisure have also seen significant reductions, although with a far smaller number of complaints to process.

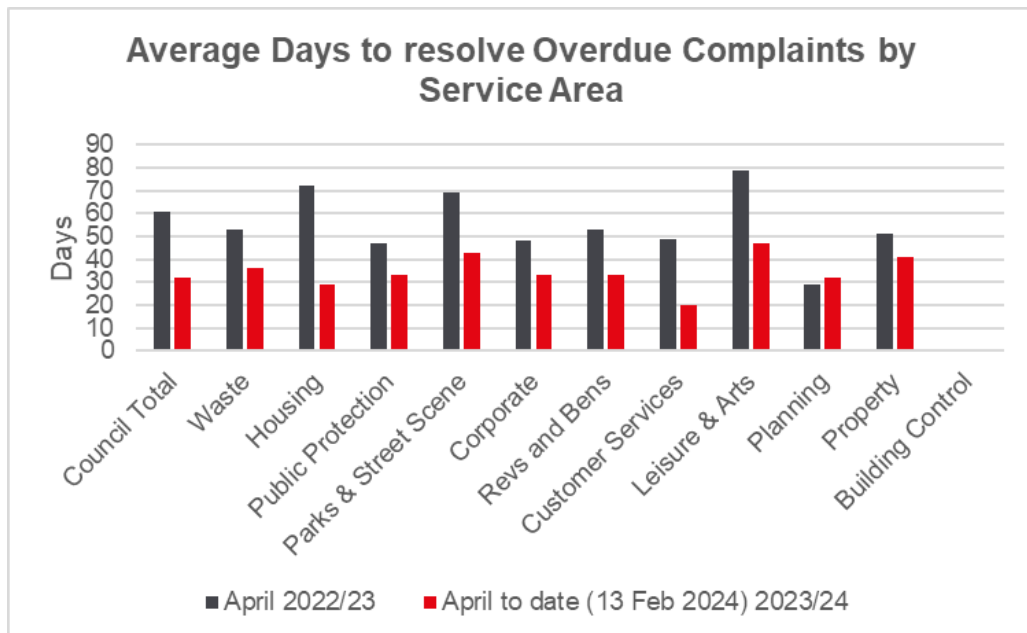


Figure 2 - Average working days to resolve overdue complaints by Service Area April 2022 to February 2024, Meritec Complaints Dashboard

## Service Level Trends

### Waste

- 3.8 Over the examined period, a little over a third of total annual complaints were directed to the Waste service (351 for 2023-2024 so far). For context, the service provides over 3.9 million collections across the district annually. There has been a significantly improvement in the rate of closing complaints. In 2022-2023, 62.05% of complaints were resolved within the defined timescales, for 2023-2024 (so far) that figure has increased to 86.61%. The average time for overdue complaints to remain in the system has been reduced from 53 working days to 36 days.
- 3.9 Since 2022-2023, Street Cleaning activities have been moved out of the service and a refresh of complaints processes has been undertaken. This has included an ongoing migration from paper to electronic systems and improved communications between the operational and administration teams.
- 3.10 Waste complaints generally focus on a core group of issues: stolen and/or damaged bins, delivery of new bins, staff behaviour, and property and/or vehicle damage. Weekly toolbox talks (training sessions) are delivered to ensure process and messaging on these issues is fully understood by the team.

### Housing

- 3.11 Housing complaints follow the same two stage process and timescales; but escalation is to the Housing Ombudsman. This does not affect this analysis of internal complaints handling and comparison to other service areas. The Housing Ombudsman has a duty to monitor compliance with the (Housing) Complaint Handling Code under Social Housing (Regulation) Act 2023. Landlords must submit an annual self-assessment of their compliance to the Ombudsman. Hence there is an additional requirement for Housing to demonstrate compliant performance.
- 3.12 By contrast the Local Government & Social Care Ombudsman (LGSCO) lacks a specific monitoring duty and their equivalent Complaints Handling Code is strictly best practice. However, LGSCO expects councils to have regard for the Code when developing policies and procedures and the Ombudsman may make a finding of maladministration in cases where a council's policies and procedures depart from the Code without sufficient reason and explanation.
- 3.13 Over the examined period, a little over a third of total annual complaints were directed to Housing (364 for 2023-2024 so far). There has a been substantial improvement in the rate of resolving complaints. In 2022/23, 21.97% of complaints were resolved within the defined timescales, for 2023-2024 (so far) that figure has increased to 49.73%. The average time for overdue complaints to remain in the system has been reduced from 72 working days to 29 days.
- 3.14 The service is divided into two business units on Meritec: Housing Services and Housing Technical Services. The performance for each is displayed in Table 3. The improvements in complaints handling is repeated across both units. A

greater proportion of complaints, increasingly in 2023-2024 is directed to Housing Technical Services.

| Business Unit              | 1 April – 31 March 2021/22 | 1 April –31 March 2022/23 |                 |                                     | April to date (13 Feb 2024) 2023/24 |                 |                                     |
|----------------------------|----------------------------|---------------------------|-----------------|-------------------------------------|-------------------------------------|-----------------|-------------------------------------|
|                            | Complaints Received        | Complaints Received       | Closed on time  | Average days for overdue complaints | Complaints Received                 | Closed on time  | Average days for overdue complaints |
| <b>Housing</b>             | N/A                        | 478<br>(35.17%)           | 105<br>(21.96%) | 72                                  | 364<br>(36.21%)                     | 181<br>(49.72%) | 29                                  |
| Housing Services           | N/A                        | 217<br>(45.40%)           | 50<br>(23.04%)  | 66                                  | 148<br>(40.65%)                     | 71<br>(47.97%)  | 34                                  |
| Housing Technical Services | N/A                        | 261<br>(54.60%)           | 55<br>(21.07%)  | 77                                  | 216<br>(59.35%)                     | 110<br>(50.92%) | 24                                  |

3.15 The implementation of a new complaints management system has greatly improved the monitoring and tracking of complaints. Meritec enabled complaints to be logged accurately with clear reports produced. In the same period, a dedicated team was set up to coordinate responses from across the directorate and provide effective oversight of the process. Improving response times will be the key focus of the service in 2024-2025 in line with the requirements of the Housing Ombudsman Complaint Handling Code.

### **Public Protection**

3.16 In 2023-2024 so far, 7.66% of complaints have involved Public Protection. At a service level there has been a slight improvement in the rate of resolving complaints (35% to 37.66%) and more substantial fall in the average number of working days for overdue complaints to be resolved 47 days to 33 days.

3.17 The service consists of four business units: Environmental Health, Neighbourhoods, Community Protection, and Licensing. The performance of each is detailed in Table 4. The service level trend is repeated for Environmental Health and Neighbourhoods. The proportion of complaints by sub team is more variable with Environmental Health’s share doubling and Neighbourhoods falling so far in 2023-2024. Community Protection’s resolution rate has fallen, however average resolution times for overdue complaints has significantly improved. The complaints response times of Licensing has increased, albeit with a relatively small number of complaints.

| <b>Table 4: SKDC Complaints - Public Protection - March 2021-Jan 2024</b> |                                   |                                  |                |                                     |  |                |                                     |
|---|-----------------------------------|----------------------------------|----------------|-------------------------------------|--|----------------|-------------------------------------|
| <b>Business Unit</b>  | <b>1 April – 31 March 2021/22</b> | <b>1 April –31 March 2022/23</b> |                |                                     | <b>April to date (13 Feb 2024) 2023/24</b> |                |                                     |
|   | Complaints Received               | Complaints Received              | Closed on time | Average days for overdue complaints | Complaints Received                        | Closed on time | Average days for overdue complaints |
| <b>Public Protection</b>  | N/A                               | 80 (5.88%)                       | 28 (35%)       | 47                                  | 77 (7.66%)                                 | 29 (37.66%)    | 33                                  |
| Environmental Health  | N/A                               | 22 (27.5%)                       | 8 (36.36%)     | 32                                  | 41 (53.24%)                                | 16 (46.34%)    | 32                                  |
| Neighbourhoods  | N/A                               | 29 (36.25%)                      | 9 (31.03%)     | 54                                  | 14 (34.14%)                                | 8 (57.14%)     | 40                                  |
| Community Protection  | N/A                               | 23 (28.75%)                      | 8 (34.78%)     | 54                                  | 11 (14.28%)                                | 0 (0%)         | 27                                  |
| Licensing   | N/A                               | 6 (7.5%)                         | 3 (50%)        | 32                                  | 11 (14.28%)                                | 5 (45.45%)     | 46                                  |

3.18 Since 2022, the various teams have amended their allocation processes to speed up case referrals, introduced response time targets and undertaken ongoing training to improve case management.

### **Revenue & Benefits**

3.19 73 complaints have been directed to Revenue & Benefits in 2023-2024 so far. There have been improvements in the resolution rate within the defined timescales (15.70% to 27.40%) and the average time to resolve overdue complaints, 54 working days to 35 days.

3.20 The recent implementation of the Council Tax Self Service Portal and the Rent Balance Checker has reduced complaints to Revenues. The majority of complaints are regarding legislative decisions or wording of documents, of which has been taken as a lesson learnt and wording improvements have been made. A new system has been implemented, which from April 2024 will allow for any reminder or summons where there are outstanding documents to be suppressed.

3.21 Understanding the root causes of complaints during 2023-2024 will be used as part of the review of the Customer Experience Strategy in 2024-2025.

### **Customer Services**

3.22 7 complaints have been directed to Customer Services in 2023/24 so far (February 2024). There have been significant improvements in the resolution rate within the defined timescales (28% to 71.43%) and the average time to resolve overdue complaints (49 working days to 20).

3.23 The feedback process is managed by the Customer Services Team Leader, supported by two Coordinators. Regular discussions take place with the Head of Service to consider common feedback and complaints, face-to-face and telephone customer interactions and whether any improvements or changes to service that can be made. Call recordings of the customer interaction are always

reviewed prior to the response. The launch of the new website, which includes improved navigation of information, review of online forms, introduction of other online services such as the Council Tax Portal and Planning Portal, and the launch of Virtual Officer have reduced complaints.

- 3.24 The outcome of complaints during 2023/24 will be used as part of the review of the Customer Experience Strategy working group in 2024/25.

### **Arts and Leisure**

- 3.25 The service has received a minimal level of complaints 3 in 2023-2024 so far, down on the 13 in the previous year (although it is noted that of the 13 complaints 7 were for other service areas; parks, grounds maintenance and arts much reducing the number). As such identifying firm trends is difficult 66.67% were resolved on time, and the overdue complaint was open for 47 working days. The latter is a significant improvement on 2022-2023, 79 working days.
- 3.26 Any complaints relating to the management of the leisure centres and which are received directly by the Council are shared with the onsite teams and responded to directly. For the upcoming year, complaint handling will continue to be monitored and discussed through team meetings.
- 3.27 For the Arts service, complaints have focused on changes to the operational changes at the Arts venues. A specific example of a regular complaint is regarding the phone systems. Since the implementation of the review, box office calls for ticket bookings have been taken by customer services. This arrangement is currently under review and improvements are being introduced.

### **Property Services**

- 3.28 18 complaints have been directed to Property Services so in 2023-2024. This a significant reduction on the 61 in 2022-2023. The resolution rate has risen from 32.79% to 38.89% and the average time for overdue complaints has fallen slightly from 51 working days to 41 days.
- 3.29 The reduction in complaints is attributed to a number of factors, including a restructure of the property services team, change in service directorate, improved service resourcing and the ongoing implementation of a new property management system. The service is planning to implement a new maintenance strategy in approach to how SKDC maintains its commercial property portfolio, so moving from a reactive maintenance strategy to a planned maintenance strategy across the portfolio. This will mean that the authorities' assets will be maintained proactively and so reduce the number of failures from reactive repairs. It is envisaged that this in turn will assist in reducing the number of complaints received by the service.

### **Planning and Enforcement**

- 3.30 It should be recognised that planning complaints are often complex in their nature. The complaints received by the service tend to fall into two categories: either the customer disagrees with the Council's decision making or the customer is raising issues around poor communication or the length of time it has taken to

deal with an application or enforcement query. A small amount of complaints concern cases where customers have indicated that they have not received letter notifying them about the application proposals.

- 3.31 The service will often receive complaints where the complainant disagrees with the Council's decision and where they claim that the application has been processed the application incorrectly; this is common placed given the nature of the service. However, it is important that a full investigation takes place and the concerns raised reviewed. Where the complainant disagrees with the Council's decision, there hasn't been a trend identified indicating service failure i.e. the Council has erred in how it has determined or processed an application.
- 3.32 Complaints regarding the sending of notification letters consulting residents on planning applications have stimulated service improvements. Extra steps have been put in place to allow officers to check with more certainty that the letters were printed. The service has received one Local Government Ombudsman (LGO) decision on this type of complaint and the LGO found that the Council had not erred in its processes and that the Council cannot be responsible for any failure to deliver letters by Royal Mail; this is consistent with LGO decisions elsewhere.
- 3.33 Poor communication and time that it takes to determine planning applications is however an area that has already been identified for further improvement within the service. Where issues are raised, the individual case officers at the time are supported with their caseloads and case management.
- 3.34 Complaints about the planning enforcement team generally relate to discontent with the Council's decision and/or concerns about the length of time it takes the Council to deal with enforcement cases. Dealing with enforcement cases will always vary from case to case and is often dependent on the nature and complexity of the case and how quickly the property owner/developer responds to the Council. Whilst some of these timelines are not within the control of the Council, officers can ensure that cases are logged quickly and the initial site visit carried out in line with the Council's Enforcement Policy. Steps have been put in place to better monitor performance against these set standards.

### **The Local Government & Social Care Ombudsman**

- 3.35 Nineteen complaints over the period 2022-2023 to January 2024 were escalated to the Local Government & Social Care Ombudsman. Considering 2023-2024 in its entirety (so far), five complaints have been escalated to the Ombudsman. In 2022-2023, fourteen complaints were escalated to the Ombudsman. 33% of these complaints were upheld. The average upheld rate for authorities similar to South Kesteven (CIPFA nearest neighbours) was 59%. The rate for Lincolnshire was 69%.
- 3.36 Escalations to the Local Government Ombudsman is one of the metrics presented by the Office for Local Government (OFLOG) Local Authority Data Explorer under the Corporate & Finance suite. The metric is number of upheld complaints per 100,000 population. In 2022-2023 (the latest presented by

OFLOG), the rate for South Kesteven was 0.7. The median of the district's CIPFA nearest neighbours was 0.8. The median for England was 1.0.

3.37 Historically this metric has fluctuated depending on the number of complaints made, as presented in Figure 4.

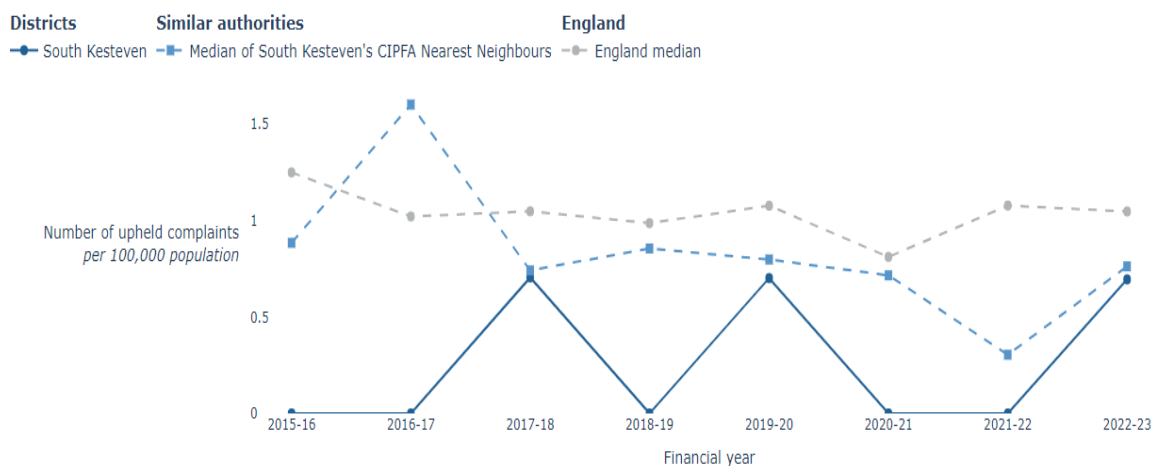


Figure 3 - Number of upheld complaints per 100,000 population, 2015/16-2022/23, Source: Office for Local Government (OFLOG) Local Authority Data Explorer

## The Housing Ombudsman

3.38 In 2022-2023 four cases were escalated to the Housing Ombudsman. Three were upheld, with no maladministration found. One remains open in a suspended state. Of these cases three involved repairs and one tenancy services. A further five cases were directly referred to the Housing Ombudsman without first entering the Council's complaints process. The Housing Ombudsman advised these were to be logged as Stage 1 Complaints and should follow the Council's complaints policy. In 2023-2024 so far, three cases have been escalated to the Housing Ombudsman, all involve tenancy services and are currently open. Further cases are a single self-referral involving repairs that has yet to go through the process and one case which was referred to the Local Government Ombudsman.

3.39 From April 2024, complaints statistics will be reported regularly as part of the new suite of Key Performance Indicators (KPIs) accompanying the Corporate Plan 2024-27. A bi-annual report will be made to the Governance & Audit Committee. Work is underway to review and refresh the complaints dashboard on Power BI. A summary report of key trends will be published on the Performance Management page of the Council's website.

3.40 The Statutory Officers of the Council reviews this information monthly.

## 4. Other Options Considered

4.1 The Committee had requested statistics of the Council's complaints process, thus there were no viable alternative options to consider.

## **5. Reasons for the Recommendations**

- 5.1 The proposed Corporate Plan 2024-2027 sets out an ambition for the Council to always: *Manage our resources and assets effectively with open, transparent, and accountable decision making*. The complaints statistics are reported to the Committee in line with that commitment to openness and transparency.



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL



## Governance and Audit Committee

Wednesday, 13 March 2024

Report of Councillor Phillip Knowles  
Cabinet Member for Corporate  
Governance and Licensing

## Internal Audit Whistleblowing Actions Update and Findings of the External Audit of the Sale of Oil Drums

### Report Author

Alison Hall-Wright, Deputy Director (Finance and ICT) and Deputy Section 151 Officer

 [alison.hall-wright@southkesteven.gov.uk](mailto:alison.hall-wright@southkesteven.gov.uk)

### Purpose of Report

This report provides an update of the progress of the completion of the Internal Audit Whistleblowing Actions and the findings of the Sale of Oil Drums External Audit.

### Recommendations

#### That the Committee:

1. Notes the progress of the completion of the Internal Audit Whistleblowing Actions
2. Notes the findings of the Sale of Oil Drums External Audit

### Decision Information

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

**Yes** - Appendices 1 and 2 are exempt under Section 100(a)(4) of the Local Government Act 1972; paragraph 2 of Schedule 12A of the Act. The press and public may be excluded from the meeting during consideration of Appendices 1 and 2, on the grounds that if they were to be present, exempt information could be disclosed to them.

What are the relevant corporate priorities?

Effective council

Which wards are impacted?

(All Wards);

## 1. Implications

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

### ***Finance and Procurement***

- 1.1 The Council has processes in place for cash handling and the valuation and sale of goods. Training will be provided to ensure that officers are trained in these areas.

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

### ***Legal and Governance***

- 1.2 The audits undertaken have identified areas where improvements could be made to the Council's processes. The SKDC Whistleblowing Action Plan highlights these improvements, which will be subject to regular review by the Council's Statutory Officer Group.

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

## 2. Background to the Report

- 2.1 In August 2023 the Council's previous internal auditors, Assurance Lincolnshire, completed an audit regarding the process followed with regards to a whistleblowing incident which was reported to the Council in May 2023 to determine whether the Council's whistleblowing policy was followed.
- 2.2 A number of management actions were agreed as part of this audit, column 5 of the table included in Appendix 1 provides a review of the actions and achievements to date as at 12 December 2023.
- 2.3 Following the completion of the Whistleblowing audit Governance and Audit committee requested that an external audit be completed on the Sale of the Oil Drums. The Chairman of the Governance and Audit Committee agreed the scope of the external audit with the Council's Chief Executive as follows:
- A review of the audit trail for the barrels in question, including what product was in the barrels. To include age and volume of the product.
  - A review of the policies in place for disposal of goods, health and safety and CCTV retention. Including identification of any breaches that took place.
  - A review of why the recording was not retained and whether it is linked to CCTV or recorded at the depot.
  - Consideration of the reasons for the disposal of the product and the arrangements for the sale that took place.
  - A review of the audit trail for the receipt of funds from the buyer and consideration as to how they were selected.
  - A review of the fair price of the product disposed of and whether value for money was achieved.
  - Recommendations for the future where any issues are identified.
- 2.4 The detailed findings of the audit are included in section 6 of the report included at Appendix 2 and a summary of the recommendations are as follows:
- Regularly review all items held at the depot to establish whether anything is surplus to requirements so it can be disposed of accordingly;
  - Where there is any risk of waste being classed as hazardous dispose of it accordingly as a precaution;
  - Keep clear records of everything stored at the depot including quantities; Ensure that invoices are settled in full prior to collection to minimise any risk in this area;
  - Keep clear records of enquiries, including verbal ones, when looking to dispose of items in the future;
  - Where incidents are reported immediately obtain the CCTV for the event. The back up should be retained until all enquiries are resolved;
  - Address the recommendations in the health and safety report.

- 2.5 The recommendations identified by Duncan and Toplis will be reviewed by management and relevant actions will be identified and allocated to officers for implementation.

### **3. Key Considerations**

- 3.1 These are included in the main body of the report.

### **4. Other Options Considered**

- 4.1 There are no other options to consider.

### **5. Reasons for the Recommendations**

- 5.1 To ensure that the Governance and Audit committee are updated on the progress of the completion of the actions identified by the whistleblowing audit and the findings of the external audit on the sale of oil drums.

### **6. Appendices**

- 6.1 Appendix 1 – Internal Audit SKDC Whistleblowing Actions  
Appendix 2 – Sale of Oil External Audit Findings Report

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of the Local Government Act 1972.

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SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL



## Governance and Audit Committee

13 March 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](mailto:Graham.watts@southkesteven.gov.uk)

### Purpose of Report

The Governance and Audit Committee is invited to consider making appointments to the Board of Directors further to the resignation of Councillor Steve Cunnington from the Board since the Committee's last meeting.

### Recommendations

**That the Governance and Audit Committee:**

- 1. Considers making appointments to the Board of Directors on LeisureSK Limited to vacancies on the Board.**

### Decision Information

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

No

What are the relevant corporate priorities?

Connecting Communities  
Enabling Economic Opportunity

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.

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 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 Since the previous meeting of the Governance and Audit Committee, a further vacancy has arisen on the Board of the Council-owned company, LeisureSK Limited. The Governance and Audit Committee is requested to consider making appointments to fill five vacancies which currently exist on the Board.

### **3. Key Considerations**

- 3.1 Councillor Steve Cunnington has resigned from the Board of LeisureSK Limited. Debbie Roberts (The Council's Head of Corporate Projects, Performance and Climate Change) 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 number of vacancies exist on the Board, as reported to the previous meeting of the Governance and Audit Committee. This latest resignation means that there are now five vacancies on the Board to which the Council could decide to make appointments. The Governance and Audit Committee is therefore invited to consider any nominations for appointment to the Board of LeisureSK Limited.

### **4. Other Options Considered**

- 4.1 The Governance and Audit Committee could opt not to make further appointments to the Board of LeisureSK Limited.

### **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 and beyond

Committee Membership:

Chairman: Councillor Tim Harrison

Vice-Chairman: Councillor Paul Wood

| Item                                 | Current Issues/Status   | Outcome Sought  |
|--------------------------------------|---|---|
| <b>13 March 2024</b>                 |   |   |
| Internal Audit Progress Report       | Update from the Council's Internal Auditors   | To review and note the contents of the report                 |
| 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. |
| 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.   |
| Qtr 3 Treasury Monitoring Report     | To consider an update for Quarter 3   | To review and note the report                                 |
| Council Complaints Review            | A review of the process, to include data from April 2023 – January 2024.  | To review and note the contents of the report.                |
| Planning Service Review              | An update on the review process of the Planning Service.  | To review and note the contents of the report                 |
| Amendments to the Constitution       | To consider a number of Constitutional amendments and the requirement for mandatory training  | To recommend to Full Council                                  |
| 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.                |

| Item  | Current Issues/Status  | Outcome Sought            |
|---|--|---------------------------|
| Appointments to LeisureSK Ltd.                    | To appoint to Leisure SK Ltd. following the resignation of Councillor Steven Cunnington  | To approve new Directors. |
| Access to Information Working Group               | Verbal update following decision from Full Council   | To form a group.          |
| Whistleblowing Audit update                       | To update committee on the completion of the actions agreed as part of the Whistleblowing Audit completed by Assurance Lincolnshire and to present the findings of the Sale of Oil audit completed by Duncan and Toplis. | To note actions taken.    |
| <b>Items to be allocated as and when required</b> |  |                           |
| Financial Regulations                             |  |                           |
| Code of Corporate Governance                      |  |                           |
| Code of Conduct                                   |  |                           |
| Contract Procedure Rules                          |  |                           |
| Risk Management Framework                         |  |                           |
| Committee Members Meeting with Auditors           |  |                           |
| Counter Fraud Framework                           |  |                           |
| Review of Subject Access Requests                 |  |                           |



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