

Governance and Audit Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Wednesday, 14 June 2023 at 2.00 pm
Council Chamber - Council Offices, St. Peter's Hill,
Grantham. NG31 6PZ

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

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 15 March 2023** (Pages 3 - 9)
- 4. Updates from previous meeting** (Page 11)
To consider updates on Actions agreed at the meeting held on 15 March 2023.
- 5. Market Service Operational Review** (Pages 13 - 20)
To provide an overview of the findings of a review of the operational aspects of the Council's markets service.
- 6. Timing of Full Council Meetings** (Pages 21 - 23)
The Governance and Audit Committee is requested to consider a referral from Full Council regarding the start times of its meetings.

Published and despatched by democracy@southkesteven.gov.uk on Tuesday 6 June 2023.

☎ 01476 406080

Karen Bradford, Chief Executive

www.southkesteven.gov.uk

- 7. Members' Allowances Scheme - distribution of Special Responsibility Allowance for Opposition Group Leaders** (Verbal Report)
The Governance and Audit Committee is requested to consider a referral from Full Council regarding the distribution of the Special Responsibility Allowance associated with Opposition Group Leaders
- 8. Cabinet and Overview & Scrutiny Protocol** (Pages 25 - 34)
To consider making a recommendation to Full Council to formally adopt the proposed Cabinet and Overview & Scrutiny Protocol as part of the Council's Constitution.
- 9. Appointment of Directors of Council-Owned Companies** (Pages 35 - 38)
The Governance and Audit Committee is requested to appoint Directors to fill vacancies on Council-owned companies.
- 10. Proposed Amendments to Constitution** (Pages 39 - 42)
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.
- 11. Internal Audit Draft Plan 2023-2024** (Pages 43 - 56)
This report sets out the proposed Internal Audit Plan for 2023/2024.
- 12. Treasury Management Annual Report 2022-2023** (Pages 57 - 66)
This report provides Governance and Audit Committee with the details of the Council's treasury management activity for the financial year 2022-2023.
- 13. Draft Annual Governance Statement 2022-2023** (Pages 67 - 84)
To provide Governance and Audit Committee an opportunity to review the Draft Annual Governance Statement 2022/23, attached at Appendix A, ahead of its inclusion within the Statement of Accounts.
- 14. Work Programme 2023 - 2024** (Pages 85 - 89)
To consider the Committee's Work Programme for 2023 – 2024.
- 15. Any other business, which the chairman, by reasons of special circumstances, decides is urgent.**

Meeting of the Governance and Audit Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Wednesday, 15 March 2023, 2.00 pm

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

Committee Members present

Councillor Paul Wood (Chairman)
Councillor Kaffy Rice-Oxley (Vice-Chairman)

Councillor Richard Dixon-Warren
Councillor Gloria Johnson
Councillor Murray Turner
Councillor Sue Woolley

Cabinet Members

Councillor Adam Stokes (Deputy Leader of the Council)

Officers in attendance

Richard Wyles (Chief Finance Officer and Section 151 Officer)
Graham Watts (Monitoring Officer and Assistant Director of Governance)
Alison Hall-Wright (Assistant Director of Finance)
Emma Whittaker (Assistant Director of Planning)
Debbie Roberts (Head of Corporate Projects, Policy and Performance)
Craig Spence (Acting Director for Housing and Property)
Julie Martin (Head of Housing Technical Services)
Tracey Elliott (Governance and Risk Officer)
Phil Swinton (Emergency Planning, Health and Safety Officer)
Sarah Downs (Democratic Services Officer)

Lucy Pledge (Assurance Lincolnshire Auditor)

24. Apologies for absence

An apology for absence was received from Councillor Ian Stokes.

25. Disclosure of interests

No interests were disclosed.

26. Minutes of the meeting held on 30 January 2023

The minutes of the meeting held on 30 January 2023 were proposed, seconded and **AGREED** as a correct record, subject to the following amendments:

Councillor Dixon-Warren requested that for clarity, the reasons for his reservations about not carrying the chairmanship recommendation forward were recorded.

This was confirmed as having been updated online by the Democratic Officer.

27. Updates from previous meeting

There were no updates to be noted.

The Chairman confirmed the action from Item 20 of the meeting held on 30 January 2023 had been completed. An email had been circulated to all Members reminding them to complete any outstanding training.

28. Internal Audit Progress Report

The purpose of this report was to provide details of the audit work during the period 1 December 2022 to 28 February 2023 and advise on progress of the 2022/23 plan and to raise any other matters that may be relevant to the Governance & Audit Committee role.

Since the last update report presented to the Governance & Audit Committee in December 2022, the following audits had been completed:

Programme Management – consultancy review

Housing Void Management – substantial assurance for control design and framework.

Limited assurance for operation/implementation of controls and framework.

Health & Safety – substantial assurance

All remaining audits were scheduled for completion by the end of March 2023. The key focus over the next month was to include:

- Key Control Testing – Debtors, Creditors and Capital Monitoring – fieldwork stage
- Combined Assurance – fieldwork stage

As part of the quality assurance process, feedback was received from clients to help support continuous improvement. Whilst Assurance Lincolnshire were on

track to deliver the plan, reflecting on the first year of service there was an acknowledgement that some areas of the audit process could be improved:

- Keeping in touch during the audit
- Communicating results – better debrief and clearance of reports
- Contemporary reporting

The quality assurance improvement plan was to be shared and monitored as part of regular liaison meetings. The Head of Internal Audit would oversee this plan.

The Acting Director of Housing and Property welcomed the split in assurance decisions on the Housing Void Management as it acknowledged that progress had been made. Further positive results were expected in the coming months.

Members raised the following points during discussion:

- As the action plan ratings were broad – rated as green, amber and red, could a ‘direction of travel’ be indicated so progress could be clearly measured? An amber rating could be almost green or very nearly red.
- How many corporate projects were there currently and how many non-corporate projects?
- A suggested area for improvement was ‘the Council should actively promote and monitor compliance with the new framework.’ Shouldn’t this practice happen as a matter of course?
- Was the recommendation of initial risk assessments for projects to be monitored?
- Clear agreed actions to strengthen the risk assessment process were welcomed.
- What was the remit of the Health and Safety Working Group and who would sit on it? Was it expected to report to Governance and Audit Committee?
- Why was there no rating for the findings from the consultancy?

The Auditor informed Members that within the action plan was a current rating and a target rating. Recommendations made gave the extent of what was required to achieve a green rating. The recommendation to actively promote and monitor compliance was added as part of the new framework following the consultancy review. This was to ensure more active governance of compliance as a process. Management had taken the recommendation for initial risk assessments forward and progress was to be reported at a future meeting.

The Head of Corporate Projects, Policy and Performance confirmed there were approximately 20 – 25 projects currently on the Corporate Projects list. These included capital projects and some revenue projects. There were some reputational projects also included. The amount of non-corporate projects was not measured or monitored on a monthly basis as they consisted of smaller projects below a level of financial threshold and were managed by the relevant Head of Service as part of a departmental service plan.

The Auditor confirmed that the consultancy review consisted of giving guidance and advice on new processes, without rating, where suggesting improvements was common practice

The Health and Safety and Emergency Planning Officer confirmed that the Health and Safety Working Group would consist of officers from all service areas across the Authority. The initial meeting had seen the agreement of Terms of Reference which the officer was happy to circulate to Members. The Corporate Team would receive feedback and these findings would be shared with the Corporate Health Committee.

ACTION:

Members were to receive a copy of the Terms of Reference from the Health and Safety Working Group

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

- a) **That the Governance and Audit Committee noted the Internal Audit Progress Report**

29. 2022/2023 Accounting Policies and publication date of the Statement of Accounts

The Deputy Leader presented the report.

Required annually as part of its Statement of Accounts, the Council was required to disclose the accounting policies it 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 2022/2023 (The Code). The 2022/2023 CIPFA Code has only minor changes compared to 2021/2022 and so only minor amendments had been made to the 2021/2022 policies. The publication dates for the draft and audited 2022/23 Statement of Accounts subject to government consultation are as follows:

- Publication date from 2022/23 Statement of Accounts Draft Statement of Accounts 31 May 2023
- Audited Statement of Accounts 30 September 2023

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

There were no points raised by Members.

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

That the Governance and Audit Committee:

- a) Approved the Statement of Accounting Policies, as set out at Appendix A to this report to be used in the production of the 2022/23 financial statements.**
- b) Noted the amended dates for the publication of the draft and final audited accounts.**

30. Strategic Risk Register

The Chief Finance Officer presented the report.

The Strategic Risk Register was last reviewed at the 28 September 2022 meeting of Governance and Audit Committee. It was a thematic and responsive document, rather than a specific corporate risk register and regularly reviewed to reflect the current and changing environment of the Council from both internal and external influences. The risk controls were those currently in place across the respective risk area and the 'Action' column captured the emerging and developing actions to further strengthen and mitigate the risk.

The format of the Register consisted of the following:

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

Officers were happy that all risks were recognised and the action taken was sufficient and proportionate.

In accordance with the Committee's Terms of Reference, the Strategic Risk Register was presented twice a year and was next due in September 2023. An externally facilitated workshop was to be held with Corporate Management Team and Assistant Directors to ensure that the register remained current and provided an opportunity to identify any new risks. The Strategic Risk Register would capture the output from the workshop which was scheduled for June 2023.

During discussion Members made the following points:

- The report was welcomed by Members and considered a 'credit to the Authority'.
- The subject titles were interesting and useful. Did the Officers find the Risk Register a useful tool?

- Was the risk matrix going to be kept as part of the risk register. It was found to be simple and helpful.
- The grouping of risks under 'supporting communities' was perhaps too broad and could be split further into 'Housing and Planning' section and a 'Culture, Leisure and Community' section as a suggestion.

The Chief Finance Officer confirmed that changes in subject groups may need to be considered by Members. As an example, environmental impact on the Authority was a broad term considering the potential impact was wide-ranging whereas financial resilience was relevant and fit for purpose. Accountability was clearer when subject titles were succinct. Going forward, there would be input from many officers and Members to agree what would be included in a future risk register.

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

- noted the progress made of the actions for each of the strategic risks and identified any areas of feedback.**

31. Planning Service Review - Progress Report March 2023

The report was presented by the Assistant Director of Planning.

Following engagement with councillors and officers through workshops and focus groups, in September 2020 the results of an independently commissioned review of the planning service was published. An action plan was subsequently developed, for which Governance and Audit Committee last received an update just over a year ago. Since the Committee was last updated in January 2022, several critical posts had been filled and a review of the overall structure was completed in November 2022. The subsequent restructure allowed the creation of new posts which should be filled in Spring 2023.

The planning restructure and consequent recruitment process was critical to the completion of the Action Plan. Reviews of the Council's pre-application service, including Design Pad, were ongoing and would be completed once the team was fully resourced. The additional resource created in the Planning Support team, along with some improvements to the Information Technology (IT) system would allow the validation of planning applications to be moved from planning officers to the support team to free up Officer time to concentrate on the determination of planning applications.

The Council recently appointed a new Senior Enforcement Planning Officer following the departure of the previous officer in August 2022. The enforcement team would be able to focus on a review of the Enforcement Policy as well as other processes and practices. Quarterly updates on performance to the Planning Committee could be resumed. The new Infrastructure Delivery Officer would, with the senior Development Management team, review the current processes associated with the collection and monitoring of section 106 agreements. Work

included creating a fee structure for monitoring agreements which was to assist in funding this post. This will allow better engagement with our stakeholders including the Parish and Town Council's to ensure better opportunities for local infrastructure provision to meet the needs of development.

Members made the following points during discussion:

- The progress detailed in the report was welcomed.
- What was the expected date of completion for the whole programme?
- Clarity on the role of the Infrastructure Delivery Officer was requested.

The Assistant Director of Planning confirmed that some items in the review were expected to be completed over the next few months. Some items, such as the design pads were expected to be completed within 12 months.

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

- a) Agreed to receive a progress update on the remaining items on the Action Plan in 12 months.**
- b) Approved the good progress made on the Planning Action Plan and in particular on the formation of the Planning Enforcement Team.**

32. Work Programme

The Committee noted the Work Programme.

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

There were no other items of business.

34. Close of Meeting

The Chairman closed the meeting at 14:43.

This page is intentionally left blank

Action Sheet

To provide members with an update on actions agreed at the 15 March 2023 meeting of the Governance and Audit Committee.

Min no.	Agenda Item	Action(s)	Assigned to	Comments/status	Deadline
28	Internal Audit Progress Report	That Members were to receive a copy of the Terms of Reference from the Health and Safety Working Group	Emergency Planning, Health & Safety Officer	Email sent to Members on 16 March 2023.	COMPLETE

This page is intentionally left blank



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Governance and Audit Committee


14 June 2023

Report of Councillor Ashley Baxter,
Deputy Leader of the Council

Market Service Operational Review

Report Author

Anne-Marie Coulthard, Assistant Director of Operations and Public Protection

 a.coulthard@southkesteven.gov.uk

Purpose of Report

To provide an overview of the findings of a review of the operational aspects of the Council's markets service.

Recommendations

Governance and Audit Committee is asked to:

1. Consider the issues highlighted in the report
2. Approve the Action Plan
3. Agrees to receive an update on the actions undertaken
4. Recommends that the review of the market service be passed to the Overview and Scrutiny Committee for consideration

Decision Information

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

1. Implications

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

Finance and Procurement

- 1.1 The independent review has identified a number of governance and financial implications relating to the operation of the market service across the District. In response to the issues, a comprehensive action plan has been introduced to resolve the issues and put in place corrective measures. The Committee is asked consider the action plan and agree to receive progress updates at subsequent meetings.

Completed by: Richard Wyles, Chief Finance Officer

Legal and Governance

- 1.2 As set out in the finance and procurement comments above, a number of governance implications relating to the operation of the market service have been identified and are sought to be addressed via the action plan that has been developed and is before Committee for consideration.

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

Risk and Mitigation

- 1.3 The review highlighted a number of areas which could potentially expose the Council to risk. The action plan identifies tasks which will need to be taken address these risks and are explored further within the report.

Completed by: Tracey Elliott, Governance and Risk Officer.

Health and Safety

- 1.4 The Council has a duty to protect the health, safety and welfare of its employees and other people who might be affected by its work activities.
- 1.5 Any specific actions relating to health and safety are discussed within the report.

Completed by: Phil Swinton, Emergency Planning and Health and Safety Lead

Human Resources

- 1.6 The review has identified several areas where the method of working does not reflect the Council's pay policy.
- 1.7 Where employees regularly work the same hours/days each week there is an option to issue a permanent part time contract. This would reduce the operational risk to the Council because having casual employees secures no contractual commitment from employees.
- 1.8 Prior to implementing any changes, consultation will need to be undertaken with impacted employees.

Completed by: Fran Beckitt, HR Manager

2. Background to the Report

- 2.1 Weekly markets are held in the market towns of Grantham (Saturday), Stamford (Friday and Saturday), and Bourne (Thursday and Saturday). The markets are operated by the Council utilising directly employed staff.
- 2.2 Following a change in the operational management arrangements for the markets service, an external review of processes and procedures has been undertaken. A significant number of issues were identified which emanated from a history of poor management of the service over a significant period of time. An action plan has been developed supported by a number of corrective measures. The key concerns highlighted by the review are summarised below.

Employment Arrangements

- 2.3 With the exception of the Market Supervisor post, which is currently vacant, the market operatives responsible for erection and dismantling of stalls and other duties associated with the operation of the market are casual staff and this has become 'custom and practice'. A number of the operatives are existing employees with full time substantive posts in other teams which may require them to work weekends on occasions, making them unavailable at these times. This is a risk to the Council as the service lacks resilience and the operatives are not contractually obliged to attend work.
- 2.4 Resilience within the operational staffing is self-managed by the chargehands and often relies on the goodwill of a number of dedicated individuals. The nature of the work requires attendance during the early hours of the morning to erect the stalls and return in the afternoon for dismantling. At Grantham (Saturday) and Stamford (Friday) operatives are also employed to operate road closures and all markets, except for Stamford Saturday market, employ operatives to collect the waste generated by traders. Unsociable hours, split shifts and weekend working are not always attractive and it can be difficult to recruit staff.
- 2.5 The market operatives receive payments for carrying out a range of different duties at each market based on a set number of hours. Job descriptions are not up to date and payments are based on tasks rather than job roles and do not necessarily reflect the actual hours spent on each task. In particular, the hours worked by operatives on the road closure barrier do not align to the payment rate. Where an operative does not attend, the payment is split between other operatives. Operatives can also carry out several duties, at different pay rates, concurrently over the course of a day. This method of working does not reflect the Council's pay policy.

Waste Collection and Disposal

- 2.6 Market operatives carry out street cleansing and waste disposal functions for the Grantham, Bourne (Thursday) and Stamford (Friday) markets. Traders at the Saturday markets at Stamford and Bourne (one trader only) are required to remove their own waste. A supplementary fee for waste disposal for excess waste is detailed in the fees and charges but is only charged to fruit and vegetable stalls. As such, the costs associated with the collection and disposal of waste from traders are effectively being subsidised.
- 2.7 Waste generated by traders is being disposed of outside of the Council's trade waste disposal arrangements, this attracts higher gate disposal fees and is not cost effective.

Income Collection

- 2.8 The fees applicable to market traders who stand at each market are set out in the Council's approved and published fees and charges. A number of anomalies and inconsistencies have been identified in the implementation of the charging regime.
- 2.9 Fees for traders occupying a pitch only (a space with no stall) are based on a standard size pitch. Where traders' units are larger than the standard size pitch a pro-rata calculation has been applied. This has not been monitored and over time some traders appear to have increased their pitch size without increasing their fee.
- 2.10 The calculation method behind the fees for some traders is unclear and discounts have been applied in some instances which are not reflected in the fees and charges.
- 2.11 All market trader fees are collected in cash on the day of trading. This exposes the Council to avoidable risks.
- 2.12 Records relating to market traders had not been suitably maintained.

Operational

- 2.13 Systems of work and the stalls and equipment used have remained similar over many years, the only fundamental change has been the size of the different markets. The Stamford market store area is a small open-air yard with no buildings, toilets or utilities. Staff utilise nearby public toilets while erecting stalls during the early hours. The Grantham market utilises a store building with facilities, this is much larger than is required for the current size of the market. There are no facilities in Bourne, with popup style stalls being stored in a shipping container.
- 2.14 Road closure signage is not to current standards. Vehicles belonging to members of the public are often parked within the Stamford Friday market road closure area prior to the closure taking effect, blocking spaces for stall erection.
- 2.15 The metal pole scaffold style stalls used in Grantham and Stamford are believed to be over 50 years old. Broken/redundant stall parts are held at each store and there are few spares in good order for use. The pop-up style stalls used at Bourne were purchased in 2009 and some are in disrepair.

Health and Safety

- 2.16 Although the general operations have not changed, risk assessments and method statements have not been reviewed, staff training history is unclear and not adequately documented.

- 2.17 There is an example of a sole trader that has direct access to the Council's store to collect and erect his own stall. The trader is a former market stall erector, however, there are no controls or supervision in relation to this activity.
- 2.18 Arrangements have already been put in place to address a number of the issues raised. Longer term actions will be required in some areas but may be influenced by the future strategy for the markets in each town. A draft action plan is at Appendix 1.

3. Key Considerations

- 3.1 The change in management arrangements identified a number of poor practices and unsatisfactory arrangements which were not in line with the Council's policies.
- 3.2 The current contractual arrangements reduce the resilience of the service and present a risk to delivery of the markets should staff be unavailable.
- 3.3 The action plan has been developed to address the concerns, some longer-term actions will be influenced by the future strategy for the markets across the district.

4. Other Options Considered

- 4.1 The provision of markets is a non-statutory function, however, they must operate in a compliant manner.

5. Reasons for the Recommendations

- 5.1 To ensure that markets operations are in accordance with all relevant Council policies and procedures.

6. Appendices

- 6.1 Appendix 1 – Markets Service Operational Action Plan

Market Service Operational Review Action Plan

Appendix 1

Ref	Task	Status	Date	Officer
	Employment Arrangements			
1	Establish the working hours and roles necessary to support operation of each market	Complete	Mar-23	
2	Produce job descriptions for all roles and undertake job evaluations	Complete	Mar-23	
3	Advertise vacant Market Supervisor post (subsequently not recruited to)	Complete	Mar-23	
4	Agree overall approach to operatives' employment contracts (casual/permanent)	In Progress	June-23	AD Ops & Public Protection/HR Manager
5	Review options for vacant Market Supervisor Post	In Progress	June-23	AD Ops & Public Protection and AD Leisure & Culture
6	Undertake formal consultation with impacted market operatives	Not Started	June/July-23	AD Ops & Public Protection/HR Manager
7	Issue appropriate contracts of employment (subject to consultation)	Not Started	July/Aug - 23	HR Manager
	Waste Collection and Disposal			
8	Disposal of market waste to be via the in-house commercial waste arrangements	Complete	Feb-23	
9	Review current waste collection arrangements and associated costs for each market and evaluate options for future provision	In Progress	May-23	AD Ops and Public Protection
	Income Collection			
10	Create a master list of current market traders and review the trader waiting list	Complete	April-23	
11	Review the trader fees charged against approved fees and charges	Complete	Mar-23	
12	Evaluate options for cashless trader fee collection	Complete	Mar-23	
13	Implement credit/debit card payments across all markets	In Progress	May-23	AD Ops and Public Protection
14	Review and issue updated Code of Practice for traders	In Progress	June-23	AD Ops and Public Protection
15	Undertake measurements of all pitch based traders units to ensure correct fees are applied	In Progress	July-23	AD Ops and Public Protection
16	Fully implement the approved fees and charges for 2023/24 (as in interim, 5% applied from 1 April 2023 to traders 22/23 fees in line with the overall increase in charges)	Not Started	June-23	AD Ops and Public Protection

17	Review structure of fees and charges for 2024/25 to accommodate different payment arrangements e.g direct debit incentives	Not Started	Oct-23	AD Ops and Public Protection
18	Following implementation of card payments for traders, consider transitioning regular traders to a direct debit arrangement once incorporated into fees and charges and back office support is in place to administer	Not Started	Sept-23	AD Ops and Public Protection and AD Finance
	Operational			
19	Pop up stalls used for markets at Bourne to be checked and repaired by the supplier	Complete	Mar-23	
20	Chargehands to undertake Certificate of Competence in Traffic Management for community events	Complete	Apr-23	
21	Road Closure signage to be reviewed and replaced where required	Complete	May-23	
22	Re-instatement of the electricity supply at the Stamford market store	In Progress	Awaiting Western Power	Property Services Manager
23	Produce options for future welfare facilities for Stamford Market store	In Progress	June-23	Property Services Manager
24	All operatives to receive manual handling refresher training	In Progress	June-23	H&S Lead Officer
25	Stocks of scaffold pole style stalls (Stamford and Grantham stalls) to be reviewed and repaired or disposal arrangements put in place for redundant items	In Progress	Aug-23	AD Ops and Public Protection
26	Work with Lincolnshire County Council to ensure effective enforcement of parking restrictions within the Stamford market road closure (new road markings and signage)	In Progress	July-23	AD Ops and Public Protection
	Health and Safety			
27	Undertake any necessary repairs to the tractor used to move Stamford Market stalls	Complete	Feb-23	
28	Complete a review of health and safety arrangements at each market	Complete	Mar-23	
29	Review and update risk assessments and method statements	In Progress	June-23	H&S Lead Officer
30	Carry out an inspection of the Grantham stall store building and carry out any required works	Complete	April-23	Property Services Manager



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Governance and Audit Committee


14 June 2023

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

Timing of Full Council Meetings

Report Author

Graham Watts, Assistant Director of Governance and Monitoring Officer

 Graham.watts@southkesteven.gov.uk

Purpose of Report

The Governance and Audit Committee is requested to consider a referral from Full Council regarding the start times of its meetings.

Recommendations

That the Governance and Audit Committee:

- 1. Gives due consideration to the start time of meetings of Full Council and provides any recommendations to the Council's Head of Paid Service.**

Decision Information

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

1. 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, Chief Finance Officer and Section 151 Officer

Legal and Governance

1.2 Paragraph 6.1 of the Council's Constitution states that the time and place of meetings will be determined by the Chief Executive and notified in the summons. The Chief Executive is the Council's Head of Paid Service and has responsibility for the authority's management structure and deployment of Officers.

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

Human Resources

1.3 Any proposal to hold meetings outside of the Council's normal office opening hours would require the Head of Paid Service to give due consideration to a number of potential impacts. These would include potential changes to the contractual terms of employment requiring Union consultation. Agreement would need to be reached on work patterns, statutory rest periods and individual circumstances such as flexible working arrangements or part time contracts. This would also involve an Equality Impact Assessment to ensure any potential changes are fair and do not present barriers or disadvantage protected groups.

Completed by: Fran Beckitt, Head of HR

2. Background to the Report

- 2.1 At the Annual Meeting of the Council held on 18 May 2023 consideration was given to the authority's committee structure. During this item, discussion ensued on the subject of the start time of meetings of Full Council and it was agreed that this matter be referred to the Governance and Audit Committee for further consideration.

3. Key Considerations

- 3.1 The Council's Constitution states that the time and place of meetings will be determined by the Chief Executive. The Chief Executive is the Council's Head of Paid Service and has responsibility for the authority's management structure which includes the deployment of Officers.
- 3.2 Meetings of Full Council have traditionally commenced at 1pm at South Kesteven District Council.
- 3.3 The Governance and Audit Committee is invited to consider any proposed changes to the start time of meetings of Full Council and make any recommendations to the Council's Head of Paid Service.

4. Other Options Considered

- 4.1 The Governance and Audit Committee could recommend maintaining the current start time for meetings of Full Council.

5. Reasons for the Recommendations

- 5.1 This report facilitates a referral from the meeting of Full Council held on 18 May 2023.

This page is intentionally left blank



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Governance and Audit Committee

14 June 2023

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

Cabinet and Overview & Scrutiny Protocol

Report Author

Graham Watts, Assistant Director of Governance and Monitoring Officer

 Graham.watts@southkesteven.gov.uk

Purpose of Report

To consider making a recommendation to Full Council to formally adopt the proposed Cabinet and Overview & Scrutiny Protocol as part of the Council's Constitution.

Recommendations

That the Governance and Audit Committee:

- 1. Recommends to Full Council to adoption of the Cabinet and Overview & Scrutiny Protocol as part of the Council's Constitution under Part 5 (Codes of Protocols).**

Decision Information

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

1. 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, Chief Finance Officer and Section 151 Officer

Legal and Governance

1.2 There are no significant legal and governance implications arising from this report that are not already set out in the body of the report or appendix.

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

2. Background to the Report

2.1 The Centre for Governance and Scrutiny conducted a review of the Council's overview and scrutiny function, further to which an action plan based upon recommendations from the review was developed. The Governance and Audit Committee endorsed the action plan at its meeting on 28 September 2022.

2.2 One of the recommendations from the Centre for Governance and Scrutiny was the development and publication of a Cabinet and Overview & Scrutiny Protocol, setting out the relationship between the two functions and associated roles and responsibilities.

3. Key Considerations

- 3.1 A draft Cabinet and Overview & Scrutiny Protocol has been developed, taking into account the content of the Council's Cabinet Procedure Rules and Overview and Scrutiny Procedure Rules, as well as good practice from other authorities. This is attached to the report at **Appendix A**.
- 3.2 The Protocol sets out the relationship between the Council's Cabinet and its Overview and Scrutiny Committees, including the processes that both bodies follow, where they will interact with each other and how they expect the other to conduct itself.
- 3.3 The Governance and Audit Committee is invited to consider the content of the Cabinet and Overview & Scrutiny Committee Protocol.

4. Other Options Considered

- 4.1 The Governance and Audit Committee could agree not to recommend the Protocol for adoption, or suggest alterations to the version attached at Appendix A.

5. Reasons for the Recommendations

- 5.1 The adoption of a Cabinet and Overview & Scrutiny Protocol is in response to a recommendation from the Centre for Governance and Scrutiny and is considered best practice.

6. Appendices

- 6.1 Appendix A – Cabinet and Overview & Scrutiny Protocol

This page is intentionally left blank

SOUTH KESTEVEN DISTRICT COUNCIL

CABINET AND OVERVIEW AND SCRUTINY PROTOCOL

1. Introduction

- 1.1 The Council's Cabinet Procedure Rules and Overview and Scrutiny Committee Procedure Rules, set out in Part 3 of the Constitution, outline the relationship between the Council's Executive (Cabinet and individual Cabinet Members) and its scrutiny function (Overview and Scrutiny Committees).
- 1.2 The purpose of this Protocol is to outline and confirm the principles that will be followed by the Council's Cabinet (either as a body or individual Cabinet Members) and its Overview and Scrutiny Committees. The Protocol will:
- a) Provide Cabinet Members and Members of Overview and Scrutiny Committees with a clear understanding of their role, responsibilities and powers as part of the Council's scrutiny function
 - b) Confirm the overview and scrutiny framework and procedures to enable scrutiny to work effectively
 - c) Define and clarify the role of Cabinet and individual Cabinet Members in the scrutiny process

2. Role of Cabinet

- 2.1 Cabinet, operating the Council's executive function, is at the heart of the day-to-day decision-making process of the Council and has a key role in proposing the budget and policy framework to Full Council.
- 2.2 The Scheme of Delegation for Cabinet is set out in Part 3(b) of the Constitution, with financial thresholds also prescribed in Financial Regulations and Contract Procedure Rules at Part 4 of the Constitution.

3. Role of Overview and Scrutiny Committees

- 3.1 The Council's overview and scrutiny function has the following roles and responsibilities which are delivered by Overview and Scrutiny Committees:
- a) Review and scrutinise the decisions made by, and the performance of, Cabinet, individual Cabinet Members and Council Officers in relation to individual decisions
 - b) Review and scrutinise the performance of the Council in relation to its policy objectives, performance targets and particular service areas

- c) Question Members of Cabinet, its Committees and appropriate Officers about their decisions and performance targets, over a period of time, or in relation to particular decisions, initiatives or projects
- d) Question and gather evidence from any person, with their consent
- e) Make recommendations to Cabinet or any other appropriate body of the Council, including Full Council, arising from the outcome of the overview and scrutiny process
- f) Review and scrutinise the performance of other appropriate public service bodies in the area and invite reports from them by requesting them to address the relevant Overview and Scrutiny Committee and local people about their activities and performance
- g) Consider any matter affecting the area or its residents and exercise the right of Call-In for reconsideration of decisions made by Cabinet, its Committees, individual Cabinet Members or Officers that have not been implemented
- h) Consider Councillor Calls for Action
- i) Review or scrutinise decisions made, or other action taken, in connection with the discharge by the responsible authorities of their crime and disorder functions as the Committee considers appropriate but not less than once in every twelve-month period
- j) Assist the Council and Cabinet in the development of its Budget and Policy Framework through in-depth analysis of policy issues
- k) Conduct research, community and other consultation in the analysis of policy issues and possible options
- l) Consider and implement mechanisms to encourage and enhance community participation in the development of policy options
- m) Question Cabinet Members about their views on policy proposals and receive advice and information from Officers
- n) Liaise with other external organisations operating in the area whether national, regional or local to ensure that the interests of local people are enhanced by collaborative working

3.2 The terms of reference for each specific Overview and Scrutiny Committee, clarifying the service areas that fall under their respective remits, are outlined in the Overview and Scrutiny Procedure Rules at Part 4 of the Constitution.

4. Relationship between Cabinet and Overview and Scrutiny

4.1 The following principles set out how the working relationship between Cabinet and Overview and Scrutiny Committees should operate:

- a) Cabinet Members and Members of Overview and Scrutiny Committees recognise that the bodies they sit on and roles they have consist of different functions and responsibilities which contribute to securing the best outcomes for people who live and work in South Kesteven
- b) Cabinet Members cannot be Members of Overview and Scrutiny Committees
- c) All participation in the working relationship between Cabinet and Overview and Scrutiny Committees will following the spirit of mutual respect, constructive challenge and the principles outlined in the Councillor Code of Conduct and Councillor/Officer Relations Protocol as set out in the Council's Constitution
- d) Whilst the membership of Overview and Scrutiny Committees reflect the Council's political proportionality, their meetings should reflect the statutory guidance that scrutiny work be conducted in a non-party political manner
- e) Overview and Scrutiny Committees are able, as non-executive Members, to hold Cabinet to account as one of their principal responsibilities, which could be done through:
 - Challenging Cabinet or individual Cabinet Members about decisions which have been taken
 - Consider performance or financial information
 - Request information about items which are set out in the Cabinet Forward Plan
- f) Cabinet recognises that Overview and Scrutiny Committee have a number of rights, such as requiring the attendance of Cabinet Members at meetings, and the Overview and Scrutiny Committees will exercise those rights responsibly
- g) Cabinet recognises that Members of Overview and Scrutiny Committees have additional rights of access to documents, as prescribed in the Access to Information Procedure Rules at Part 4 of the Constitution
- h) The Leader of the Council will attend a meeting of the Overview and Scrutiny Committees at least every six months to provide an update on delivery against the objectives of the Council's Corporate Plan.

- i) Overview and Scrutiny Committees will ensure that Cabinet Members have the ability to make any announcements at their meetings.
- j) Cabinet will ensure that Overview and Scrutiny Committees have the ability to present reports and submit recommendations at its meetings.

5. Conduct of Meetings

5.1 Meetings of Overview and Scrutiny Committees will be conducted as follows in support of the principles set out in paragraph 4 above:

- a) All formal meetings of Overview and Scrutiny Committees will be held in accordance with Council Procedure Rules, Access to Information Procedure Rules and Overview and Scrutiny Procedure Rules as set out in Part 4 of the Constitution
- b) Each Overview and Scrutiny Committee may request Cabinet Members to attend their meetings to present reports, discuss issues of concern or answer questions. At least five working days' notice and an indication of the business being conducted and the expected focus of questioning will be provided to any Cabinet Member requested to attend a meeting for this purpose
- c) Cabinet Members requested to attend meetings of an Overview and Scrutiny Committee have the right to be accompanied by the relevant Officer to assist with explaining complex or technical information
- d) Cabinet Members have the right to attend and speak at any Overview and Scrutiny Committee relevant to their area of responsibility

5.2 Meetings of Cabinet will be conducted as follows in support of the principles set out in paragraph 4 above:

- a) All formal meetings of Cabinet will be held in accordance with Cabinet Procedure Rules and Access to Information Procedure Rules
- b) The Chairman of the relevant Overview and Scrutiny Committee, or Vice-Chairman in their absence, will be entitled to speak before debate on any report relevant to their Committee
- c) All reports to Cabinet on proposals relating to the Budget and Policy Framework must contain details of the nature and extent of consultation with the relevant Overview and Scrutiny Committee, together with the outcome of that consultation

6. Overview and Scrutiny Committee Work Programming

- 6.1 Work programmes for Overview and Scrutiny Committees should outline the items of business scheduled for consideration by each Committee for the municipal year, based on their respective terms of reference.
- 6.2 The work programme for each Overview and Scrutiny Committee should be developed at the commencement of the municipal year and considered at each subsequent meeting. This could include key decisions scheduled for consideration by Cabinet listed on its Forward Plan, performance information, financial information, items relating to delivery of corporate objectives set out in the Corporate Plan or other items put forward for consideration.
- 6.3 Cabinet Members can suggest items for inclusion in an Overview and Scrutiny Committee work programme, however, they should not seek to try and exercise control over the work of the Committee. It is ultimately for Overview and Scrutiny Committees to determine whether to include suggestions in their respective work programmes.
- 6.4 Overview and Scrutiny Committees will endeavour to delivery their work programmes, once agreed, however, it is recognised that there needs to be sufficient flexibility to accommodate urgent, short term or emerging priorities which may arise during the municipal year.

7. Scrutiny Reviews

- 7.1 Overview and Scrutiny Committees can undertake in-depth scrutiny reviews as and when deemed necessary. This can be facilitated through a Task and Finish Group, or by the whole Committee depending on the nature of the subject under review.
- 7.2 Upon conclusion of a Scrutiny Review, the final report will be presented to the Overview and Scrutiny Committee where recommendations will be agreed and submitted to Cabinet for consideration. The Chairman of the relevant Task and Finish Group or Overview and Scrutiny Committee will present the findings and recommendations of the Scrutiny Review to the next scheduled meeting of Cabinet.
- 7.3 Cabinet will confirm its response to the recommendations, outlining those which will be accepted and implemented, together with reasons for any recommendations not taken forward. Cabinet may delegate this response to the individual Cabinet Member and request that they provide a report back to the Overview and Scrutiny Committee.
- 7.4 The Overview and Scrutiny Committee has a duty to monitor progress of implemented recommendations and may therefore request the relevant Cabinet Member attends a future meeting of the Committee.

8. Compliance with this Protocol

- 8.1 The Council's Monitoring Officer is responsible for overseeing compliance with this Cabinet and Overview and Scrutiny Protocol, ensuring that it is used to support and promote a positive culture of overview and scrutiny at South Kesteven District Council.



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Governance and Audit Committee


14 June 2023

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

Appointment of Directors of Council-Owned Companies

Report Author

Graham Watts, Assistant Director of Governance and Monitoring Officer

 Graham.watts@southkesteven.gov.uk

Purpose of Report

The Governance and Audit Committee is requested to appoint Directors to fill vacancies on Council-owned companies.

Recommendations

That the Governance and Audit Committee:

- 1. Approves the appointment of Directors to Aubers Ridge Management Company Limited with immediate effect.**
- 2. Approves the appointment of Directors to LeisureSK Limited with immediate effect.**
- 3. Approves the appointment of Directors to Gravitas Housing Limited with immediate effect.**

Decision Information

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

No

What are the relevant corporate priorities?

Growth and our economy
Healthy and strong communities

Which wards are impacted?

All wards

1. Implications

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

Finance and Procurement

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

Completed by: Richard Wyles, Chief Finance Officer

Legal and Governance

- 1.2 It is strongly recommended that Cabinet Members are not appointed as Directors of Council-owned companies given their roles on 'Council-side' decision-making, unless there is a very strong justification for doing so. Similarly, consideration should be given as to whether the Council's Statutory Officers are also not placed in a similar position given their personal/individual responsibilities in respect of the Council.
- 1.3 Where a specific Committee has responsibility for oversight and scrutiny of a Council-owned company a Member of that Committee who is also appointed as a Board Member is likely to have a potential conflict of interest where matters arise for consideration at the Committee in relation to the company. It is therefore recommended that a Member of an Overview and Scrutiny Committee whose terms of reference include responsibility for scrutiny of a Council-owned Company are not appointed onto the Board of that Company.

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

2. Background to the Report

- 2.1 A number of vacancies have arisen on the Boards of Council-owned companies. The Governance and Audit Committee is requested to consider making appointments to fill these vacancies.

3. Key Considerations

Aubers Ridge Management Company Limited and Gravitass Housing Limited

- 3.1 Following the resignation of Directors from Aubers Ridge Management Company Limited and Gravitass Housing Limited, the Board of each company currently consists of Richard Wyles (Chief Finance Officer at South Kesteven District Council).
- 3.2 Both companies are no longer operational and Mr Wyles is continuing his role as Director to assist in the process of their dissolution given the extensive knowledge he has in respect of both entities.
- 3.3 A minimum of two additional Directors are recommended for appointment to the Board on each company to ensure that they are quorate, can take decisions and operate in accordance with their articles of association. A key element of their work as newly appointed Directors will be to oversee dissolution of the respective companies.
- 3.4 Councillor Elvis Stooke has been nominated as a Director for both companies.
- 3.5 Councillor Elvis Stooke feels that he is the right person for these roles and would ensure that everything was done in the proper manner. He understands that this would solely be to oversee the closure of the respective companies and he would look forward to working in this position to help towards this outcome.
- 3.6 Further nominations for the two remaining elected member vacancies will be reported in due course. Nominations can also be put forward at the meeting for consideration.

LeisureSK Limited

- 3.7 Following the resignation of Directors from LeisureSK Limited, the Board currently consists of Nicola M^cCoy-Brown (Director of Growth and Culture at South Kesteven District Council) and David Monkhouse (Non-Executive Director) who continue to oversee the operational and financial performance of the company.
- 3.8 It is recommended that three elected Members and one additional Officer be appointed onto the Board to ensure that it is quorate, can take decisions and operate in accordance with its articles of association.
- 3.9 Councillors James Denniston and Charmaine Morgan have been nominated as Directors of LeisureSK Limited.

- 3.10 Councillor James Denniston has 30 years' experience of the leisure industry from managing and operating gyms, selling equipment to gyms and owning a gym. His passion is fitness and he still gets a buzz from seeing people enjoying exercise. Councillor Denniston also has experience working with local authorities and leisure trusts who he works with on a weekly basis and therefore fully understands what is being asked and targeted. He believes with this overall knowledge he would be an asset to the Board.
- 3.11 Councillor Charmaine Morgan has lived in the South Kesteven District for over 20 years and has been a lifelong supporter of sports and leisure amenities. She has an extensive knowledge of the services provided within the District, in particular at The Meres Leisure Centre, Grantham. Councillor Morgan is also aware of the challenges the District's Leisure Centres face. Her personal experience is both as a customer, parent, District and former County Councillor who has worked with service providers inside and outside LeisureSK Ltd. For eight years, until the last term, Councillor Morgan sat on the Rural and Communities Overview and Scrutiny Committee which included leisure amenities in its remit until LeisureSK Ltd was created.
- 3.12 A further nomination for the remaining elected member vacancy will be reported in due course. Nominations can also be put forward at the meeting for consideration.
- 3.13 In terms of the Officer vacancy, it is recommended that Craig Spence as the Council's Acting Director of Housing be appointed onto the Board of LeisureSK Limited. Mr Spence is a Chief Officer of the Council and in addition to his responsibilities associated with housing services has responsibility for strategic leadership in respect of health and safety, safeguarding and corporate parenting. He works with vulnerable people in his day-to-day work and is an advocate of access to leisure facilities for residents, encouraging more active lifestyles in the district's communities. Mr Spence has indicated that he would be willing to act as Director of LeisureSK Limited should his nomination be approved.

4. Other Options Considered

- 4.1 The Governance and Audit Committee could opt not to make appointments to the Boards of the Council-owned companies set out in this report.
- 4.2 The Committee could make further appointments to those set out in the report and consider an alternative appointment to the Officer recommended in paragraph 3.8.

5. Reasons for the Recommendations

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



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Governance and Audit Committee

14 June 2023

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 of Governance and Monitoring Officer)

✉ 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. The inclusion of an additional paragraph to the Officer Scheme of Delegation under Paragraph 26(f) of Part 3(c) (Responsibility for Functions) in respect of lettings of land and property to read:**

“To arrange lettings (in excess of seven years) of land and property not immediately required for other purposes at rent/license fees fixed by the Section 151 Officer, providing that the total cost of the lease in its entirety does not exceed £100,000.”

2. The amendment of paragraph 14.14 of Contract Procedure Rules under Part 4 (Rules of Procedure) in respect of the common seal of the Council to reflect that this should only be used for those contracts where the total cost exceeds a value of £500,000.
3. The amendment of Council Procedure Rules and Overview and Scrutiny Committee Procedure Rules to reflect that members of the public be entitled to ask a supplementary question without notice when having registered to speak.
4. The amendment of Procedure Rules for all meetings of the Council to entitle any Member of the Council to speak at meetings without requiring the discretion of the person presiding the meeting.

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 or insert specific ward(s)

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, Chief Finance Officer 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 of Governance 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

Letting of land and property

- 3.1 Officers currently have delegated authority to arrange short-term lettings of land and property. This is set out in paragraph 26(f) of the scheme of delegation at Part 3(c) (Responsibility for Functions) of the Council's Constitution and states:

"To arrange short term (up to seven years) lettings of land and property not immediately required for other purposes at rent/license fees fixed by the Section 151 Officer"

- 3.2 There may be occasions whereby a lease arrangement requires a longer term than seven years but does not have a significant financial impact on the Council. Examples may include parcels of land under the Council's ownership that are of no direct use to the authority but can instead be leased to other organisations to utilise for the benefit of the community on a peppercorn rent basis. If this arrangement exceeds seven years then currently it would be necessary for the decision to be taken on the basis of a Non-Key Decision.

- 3.3 It is recommended that an additional paragraph be added to the scheme of delegation under paragraph 26(f) to read:

"To arrange lettings (in excess of seven years) of land and property not immediately required for other purposes at rent/license fees fixed by the Section 151 Officer, providing that the total cost of the lease in its entirety does not exceed £100,000."

- 3.4 This amount of £100,000 is consistent with the financial limits set out in the Council's Financial Procedure Rules.

Common seal of the Council

- 3.5 The Council's Contract Procedure Rules state that a contract must be sealed where its total value is over £50,000. This is set out in paragraph 14.14 (Sealing a Contract) of the Contract Procedure Rules in Part 4 (Rules of Procedure) of the Constitution.

- 3.6 The physical sealing of a contract means that utilisation of electronic software for facilitating the sign-off of contracts from all parties cannot be used should the contract exceed £50,000. In the context of thresholds included in the Council's Financial Procedure Rules, it is considered excessive that a contract with a lifetime value of £50,000 requires the common seal of the Council in order for it to be confirmed.
- 3.7 It is therefore deemed more appropriate to reserve the sealing of contracts to those more significant in terms of value. It is recommended that the common seal of the Council should only be used for those contracts where the total cost of the contract exceeds a value of £500,000.

Supplementary questions from members of the public at meetings of the Council

- 3.8 As part of the comprehensive review of the Council's Constitution, amendments were made to the Procedure Rules associated with meetings of Full Council and Overview and Scrutiny Committees which removed the right of members of the public who had registered to speak to ask a supplementary question without notice.
- 3.9 It is proposed that the right of members of the public to ask supplementary questions be reintroduced to Council Procedure Rules and Overview and Scrutiny Procedure Rules.

Contributions at meetings from Councillors in attendance

- 3.10 As part of the comprehensive review of the Council's Constitution, amendments were made to the Procedure Rules associated with meetings of Cabinet and all Committees whereby a Councillor observing a meeting as opposed to being a member of the body is only entitled to speak at the discretion of the person presiding the meeting.
- 3.11 It is proposed that all members of the Council in attendance at any meeting be entitled to speak and no longer require the discretion of the person presiding the meeting to contribute to proceedings.

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

Draft

Internal Audit

2023/24 Plan



SOUTH
KESTEVEN
DISTRICT
COUNCIL

South Kesteven District Council

June 2023

Contents

The Planning Process

Page 1

Introduction

Developing the plan

Updating the plan

Delivery and Focus

Page 2

Delivering the plan

Audit focus

Annual internal audit opinion

Appendices

Page 4

A – Internal audit plan

B – Head of internal audit's opinion

C – Working protocols

D – Our quality assurance framework

The contacts at Assurance Lincolnshire are:

Claire Goodenough BSc (Hons)
Head of Internal Audit & Risk Management
claire.goodenough@lincolnshire.gov.uk

Matthew Waller CMIIA
Audit Manager - Audit
matthew.waller@lincolnshire.gov.uk

The Planning Process

Introduction

This report sets out the proposed Internal Audit Plan for 2023/2024. The plan details the activities to be audited and the indicative scope for each audit. The draft plan gives you an opportunity to comment on the plan and the priorities that we have established.

Our audit plan delivers assurance within agreed resources. For 2023/24 this is 142 days. Our fees have remained the same as 2022/23 with no increase for our service costs.

The plan is amended throughout the year to reflect changing assurance needs.

In Appendices A to D we provide for you details of:

- Auditable Activities
- How the draft plan achieves the requirements of Governance and Audit Committee and Head of Internal Audit
- Our Working Protocols and Performance
- Our Quality Assurance Framework

Developing the plan

We have prioritised our audit work taking account of the impact an activity will have on the Council if it fails. The criteria for determining priority are:

- **Significance** – how important is the activity to the Council in achieving its objectives, key plans and in managing its key risks. We look at both financial loss and strategic impact.
- **Sensitivity** – how much interest would there be if things went wrong and what would be the reputational and political impact.
- **Level of Assurance** – we assess the current level of assurance evaluating reliability and contribution to the audit opinion on governance, risk and control.

- **Time** – when it will happen (this will determine when the best time is to do the audit).

Updating the Plan

Through the year we will liaise with the Council and collect business intelligence that identifies emerging audits which could be included in the plan according to priority. Figure 1 identifies the key sources of this information.

Figure 1 – Key sources of information



The primary source of business intelligence will be the liaison meetings between our team and the Council's nominated liaison contact, other sources of intelligence will include:

- Key reports
- Performance
- Risk
- Key stakeholders

Delivery and Focus

Delivering the Plan

The audit plan has been developed to enable us to respond to changes during the year. Whilst every effort will be made to deliver the plan, we recognise that we need to be flexible and prepared to revise audit activity – responding to changing circumstances or emerging risks. The plan is therefore a statement of intent – our liaison meetings with senior management will enable us to firm up audit activity during the year.

The aim is to deliver the audits included in the plan in accordance with the schedule which will be devised once the plan is agreed. The schedule will be drawn up following liaison with the Council. Resources will then be allocated accordingly to the audits at the specified times. It is therefore important that any changes required to the audits, or the schedule are discussed with internal audit as soon as possible to avoid abortive time being spent on audits and for us to reallocate resources appropriate to our ability.

The Council's Internal Audit Plan is 142 days. The core team who will be delivering your Internal Audit plan are:

Head of Internal Audit

Claire Goodenough

✉ claire.goodenough@lincolnshire.gov.uk

Audit Manager

Matthew Waller

✉ matthew.waller@lincolnshire.gov.uk

Audit Manager

Amanda Stanislawski

✉ amanda.stanislawski@lincoln.gov.uk

Audit Focus for 2023/24

In the following table we provide information on key audit areas and the rationale for their inclusion in the audit strategy and plan.

Appendix A outlines the various audits to be undertaken within each area.

Area	Reason for inclusion
Financial Governance	Providing assurance that key financial controls are in place and operating effectively during the year across all areas of the Council. This work provides the Governance and Audit Committee with a key element of their assurance that the Council has effective arrangements for the proper administration of its financial affairs.
Governance & Risk	Providing assurance that key governance controls are in place and are operating effectively.
Critical Activities	Through liaison and risk assessment we have identified some critical activities where a potential audit would provide independent assurance over the effectiveness of risk management, control and governance processes.
Project Assurance	We have not selected any projects this year as a review of programme management was undertaken in 2022/23.

Area	Reason for inclusion
ICT	Technology and associated threats and opportunities continue to evolve at a pace. The effectiveness of ICT has a great impact on how well the Council works. We will seek to provide assurance that key general IT controls comply with industry best practice and are operating effectively.
Follow Up	We will carry out follow up audits throughout the year to provide assurance that samples of identified control improvements have been effectively implemented and the risks mitigated.
Consultancy Assurance	At the request of management, we undertake specific reviews where they may have some concern or are looking for some advice on a specific matter or around governance, risk and controls for a developing system. Such reviews are not normally given an audit opinion.

Annual Internal Audit Opinion

We are satisfied that the level and mix of resources - together with the areas covered in the plan - will enable the Head of Internal Audit to provide their annual internal audit opinion.

Appendix A – Draft Internal Audit Plan

Our current planned audits are listed below.

Audit Area	Assurance Sought
Financial Control	
<p>Key Control Testing:</p> <ul style="list-style-type: none"> • Areas to be agreed. 	<p>Delivery of key control testing to enable the Head of Internal Audit to form an opinion on the Council's financial control environment.</p> <p>Terms of Reference, which include scope and focus on key risks, will be determined with the appropriate senior manager.</p> <p>Links to the Strategic Risk Register ,1 Ensuring efficient and effective internal control/compliance</p>
Payroll	<p>Management request – The Council has brought payroll back in house – audit to be undertaken in Q3/4 to provide support and assurance that the service is being effectively managed.</p>
Critical Activities	
Asset Management	<p>Provide assurance on the Council's processes and systems to effectively manage its assets. Issue raised in assurance mapping by the Chief Finance Officer.</p> <p>Links to several strategic risks, including 1- Ensuring efficient and effective internal control/compliance, 3 - Supporting communities and 4 - Achieving future financial resilience.</p>
Recruitment and Retention	<p>Key issue raised by managers during the assurance mapping process, it is also a key national issue. We will provide assurance on the Council's approach to recruitment, succession planning and retention. To mitigate the risk of capacity and capability shortfalls to deliver the Council priorities.</p> <p>Links to Strategic Risk 5 - Creating the right culture, capacity and capability.</p>
Housing Income Management	<p>Management request</p> <p>Review of the governance and procedures in place to monitor, manage and report housing income. Postponed from the 22/23 plan.</p>
Section 106	<p>Management request – provide assurance on the management, oversight and controls for recording and delivering Section 106 monies.</p> <p>Links to Strategic Risk 1 - Ensuring efficient and effective internal control/compliance and 2 - Supporting communities.</p>
Operations	<p>Management request – Provide assurance on the compliance to the parts contract for vehicles to include operational aspects, contract management and financial management.</p>

Public Protection	Management request – Review and assess compliance with the Food Standards Agency requirements for food hygiene inspections and consistency of rating under the Food Hygiene Scheme.
Governance and Risk	
Risk Management	Test the mitigations in place to address key strategic and operational risks. To provide assurance that documented controls provide a robust level of control and assurance on the management of risk. Links to Strategic Risk 1 – Ensuring efficient and effective internal control/compliance.
Follow-ups	To provide management with assurance that actions from previous low and limited audits have been implemented and this has led to improved outcomes.
Combined Assurance / Continuous Assurance	Completing the integrated assurance mapping process for 2023/24 for the Council by helping to map assurance against critical activities and key risks. Helping co-ordinate the development of the annual status report.
ICT	
Cyber security	A key element and potential weakness in cyber security is people. Provide assurance on staff awareness, training, cyber culture and how the Council effectively manages the continuous risk of staff error or misunderstanding in regard to cyber threats and security. Links to Strategic Risk 7 - Ensuring robust security measures to protect the Council's data and assets from external threats.

Management Support Days	
Management	Advice and Liaison Annual Report Committee Attendance Review IA Strategy and Planning

Grand Total	Total Days
Internal Audit	138
Fees	£48,300

Other areas considered.

Audit Area	Assurance Sought
HRA Building Program	Assurance over the Housing Revenue Account building programme processes and procedures. Postponed from the 22/23 plan.
Depot Workshop and Fleet maintenance.	Highlighted as low assurance areas from assurance mapping. The Workshop Fleet risk links to Amber project assurance on new depot.
Sheltered Housing	Highlighted as low assurance areas from assurance mapping.
Building Control	Highlighted as low assurance areas from assurance mapping, to be included in the 24/25 audit plan.
Lincolnshire Business	Highlighted as low assurance areas from assurance mapping.
Climate Change	Review the Council's approach to the green agenda and climate change policies and outcomes.
Project Management	Review the Council's approach to project management and give assurance on the effective delivery of key projects.
Street Cleansing	Review change management and risks as the service moves internally to be under a new manager
Debtors	Provide assurance on the debtors' process and capacity to effectively manage the process.
Information Governance / Data Protection.	An amber strategic risk on data security and protection, review the Councils approach to Information Assurance and provide assurance on controls to mitigate the risk.
Parks in Grantham	Assess the management and future strategy for park usage, review risks and health and safety issues that may impact on park management and the Councils Green and Leisure policies.
Housing Services Allocations / Housing Register, Tenant Engagement & Housing Policy performance and systems (Technical) Rough sleeper initiative,	Several new systems and ways of working for the service, raised as amber assurance on the assurance map. Provide assurance on how the service is working to embed new systems while maintaining service standards and targets.

Audit Area	Assurance Sought
National Dispersal Scheme (Asylum crisis management)	
Housing Technical Services Compliance H&S, Staff Contract Management Asset & Data Collection.	Multiple areas under the service raised as amber assurance, key areas of H&S, statutory data collection, compliance with key legislation and introducing new ways of working. Review service approach to implementing changes and provide assurance on effective governance and delivery of service workings.
Economic Development	Provide assurance on the key risks to the economic development service, raised in the Assurance Mapping process. The risk is based on having adequate resource to ensure budget can be spent within set timescales and agreements, to benefit the residents of SKDC.
IT Disaster Recovery Linked with Business Continuity Audit	Links to SRR of robust security and protecting data and assets. To provide assurance over the Council's IT Disaster arrangements including its: <ul style="list-style-type: none"> • Critical Business Functions and Systems. • Disaster Recovery (DR) Process. • Disaster Risk Assessment. • Disaster Escalation and Emergency Action Procedure.

Appendix B – Head of Internal Audit's Opinion

Our work is carried out in conformance with the UK Public Sector Internal Audit Standards. These require that the scope of Internal Audit covers the whole range of the Council's activities – seeking to provide an internal audit opinion on the governance, risk and internal control environment of the Council which has been established to:

- Achieve strategic objectives.
- Ensure effective and efficient operational systems and programs.
- Safeguard assets and interests of all kinds (including risks that relate to work it undertakes through partnerships)
- Ensure the reliability and integrity of financial and operational information.
- Ensure economic, efficient and effective use of Council resources.
- Ensure compliance with established policies, procedures, laws, regulations, and contracts.

Our Internal Audit Strategy

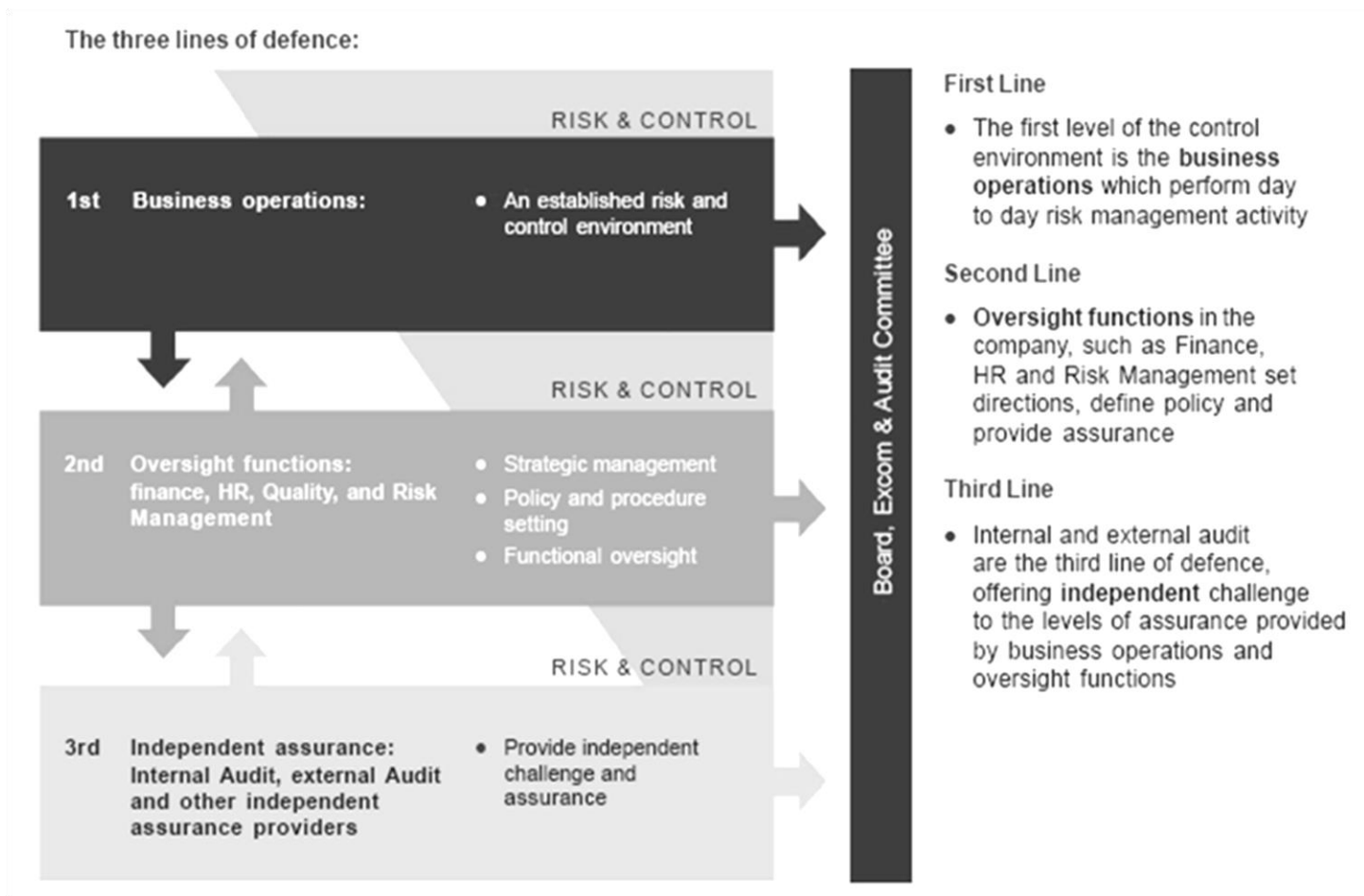
It is important that the Internal Audit function focuses its work on what matters most to you – providing insight, assurance and added value to the Council. Whilst we have a plan in place this is flexible and may be changed during the year enabling greater flexibility and responsiveness – ensuring each piece of work is the right one. The plan is therefore dynamic and responsive – essential for an effective Internal Audit service.

Our internal audit activity and plan has been driven by the Council's key objectives within the corporate plan and will be driven by your key risks and critical service areas.

We aim to align our work with other assurance functions seeking to look at different ways of leveraging assurance to help us to maximise the best use of the Internal Audit resource and other assurance functions in the Council.

By adopting this approach, it is possible to give the Council comfort that there is a comprehensive risk and assurance framework with no potential gaps. We are then able to use our audit planning tool to target resources. This will minimise duplication of effort through sharing and coordinating activities with management and other management oversight functions.

We have identified the level of assurances in place by using the "Three lines of assurance" model – See **Figure 2**.



Appendix C – Working Protocols

Our approach to delivering of internal audit work is set out below.

Our performance is monitored by the Governance and Audit Committee and Chief Finance Officer and measured against three key areas:

- Delivery of planned work.
- Timeliness (contemporary reporting).
- Quality and Impact of work (communicating results / added value).

Strong communication is fundamental to quality delivery and maintaining trusting relationships. We keep management informed in accordance with agreed protocols including:

- Agreeing potential audit work for the forthcoming year
- Providing regular updates to evaluate progress and discuss activities and priorities.
- For individual audit engagements we hold planning meetings in person (our preference), by phone, Microsoft Teams or email to discuss and agree the terms of reference and scope of our work.
- We keep you informed of key findings during the audit and upon conclusion we hold a debrief meeting in person to discuss our findings and any outstanding issues.
- We communicate the results of our audit work in a clear and concise way – securing management action where control improvements are needed.

Appendix D – Our Quality Assurance Framework

Quality is built into the way we operate. We have designed our processes and procedures to conform to best practice applicable to Internal Audit – in particular the UK Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.

Our audit team offers a wide depth of knowledge and experience gained across different organisations. We promote excellence and quality through our audit process, application of our Quality Assurance Framework and our training and development programme.

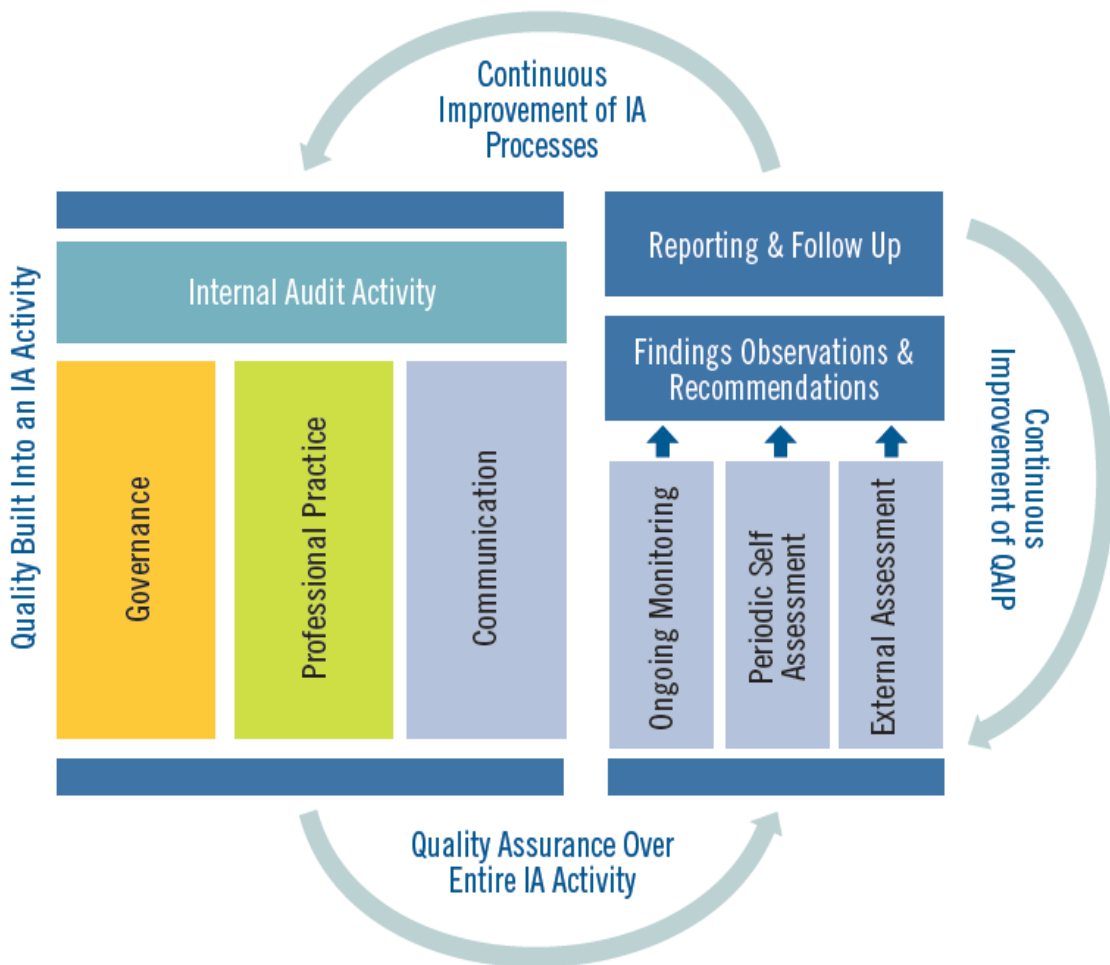
Our Quality Assurance Improvement Programme incorporates both the internal (self) and external assessments – this is a mandatory requirement and the Head of Audit reports annually on the results and areas for improvement. Our internal assessments must

verify all aspects of internal audit activity – **The diagram below** shows how we structure our internal assessments to ensure appropriate coverage.

We use several ways to monitor our performance, respond to feedback and seek opportunities to improve. Evidence of the quality of our audits is gained through feedback from auditees and the results of supervision and quality assurance undertaken as part of our audit process.

Our Internal Audit Charter sets out the nature, role, responsibilities and authority of the Internal Audit service within the Council.

Quality Assurance and Improvement Program (QAIP) Framework





SOUTH
KESTEVEN
DISTRICT
COUNCIL



Governance & Audit Committee


Date 14 June 2023

Report of Councillor Ashley Baxter,
Deputy Leader of the Council

2022-2023 Treasury Management Annual Report

Report Author

Alison Hall-Wright, Assistant Director of Finance

 alison.hall-wright@southkesteven.gov.uk

Purpose of Report

This report provides Governance and Audit Committee with the details of the Council's treasury management activity for the financial year 2022-2023

Recommendations

The Governance & Audit Committee is asked to:

- **approve the content of the annual report on the Treasury Management activity for 2022/2023.**

Decision Information

Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Growth and our economy High performing 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 in the report.

Completed by: Richard Wyles, Chief Finance Officer

Legal and Governance

1.2 The Council is under a duty to manage its resources prudently and therefore due consideration must always be given to its borrowing and lending strategy. A wide range of local authority finance activities, including borrowing, lending, financial management and the approval of types of investment vehicle are governed by legislation and various regulations.

1.3 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 (Monitoring Officer)

2. Background to the Report

- 2.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022-2023. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
- 2.2 For the financial year 2022-2023 the Council adhered to the suggested minimum reporting requirements and members received the following reports:
- An annual treasury management strategy in advance of the year which was approved by Council on 3 March 2022
 - A mid-year treasury update report which was approved by Governance and Audit Committee on 30 November 2022
 - An annual review following the end of the year describing the activity compared to the strategy (this report)
- 2.3 Governance and Audit Committee has delegated powers to deal with matters relating to the Council's treasury management activities. Specifically, it has the responsibility to monitor review and amend as appropriate the Council approved Treasury management Strategy during the financial year. The regulatory environment places a much greater onus on members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

Treasury Position at 31 March 2023

- 2.4 The Strategy for 2022/23 was approved by Council on 3 March 2022. A key element of daily operations focuses on comparing current market conditions in conjunction with the Link (the Council's treasury advisors) credit rating list, using this as a tool for guidance, with the option to deviate from this guidance only when there are clear alternative options available to the Council. Any decision of this nature is clearly documented for audit purposes. The aim of the Strategy is to generate a list of highly creditworthy counterparties which enables diversification of investments and thus avoidance of risk whilst providing security. A summary of the Council's treasury position at 31 March 2023 is as follows:

Actual Debt Management Activity During 2022/23

Actual Borrowing Position	31 March 2022		31 March 2023	
	Principal	Average Rate	Principal	Average Rate

Fixed Interest Rate Debt	£89.435m	2.64%	£86.213m	2.46%
Capital Financing Requirement	£107.101m		£104.145m	
Over/(Under) Borrowing	(£17.666m)		(£17.932m)	
Investment Position	31 March 2022		31 March 2023	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Investments	£65.000m	1.42%	£48.000m	4.051%
Variable Interest Investments	£24.558m	0.85%	£21.629m	4.128%
Total Investments	£89.558m	1.26%	£69.629m	4.070%
Net Borrowing Position	(£0.123m)		£16.584m	

- 2.5 The £86.213m is split between short term and long-term borrowing as follows:
- Short-term - £3.221m which is repayable within the next 12 months
 - Long-term - £82.992m

Actual Investment Activity During 2022/23

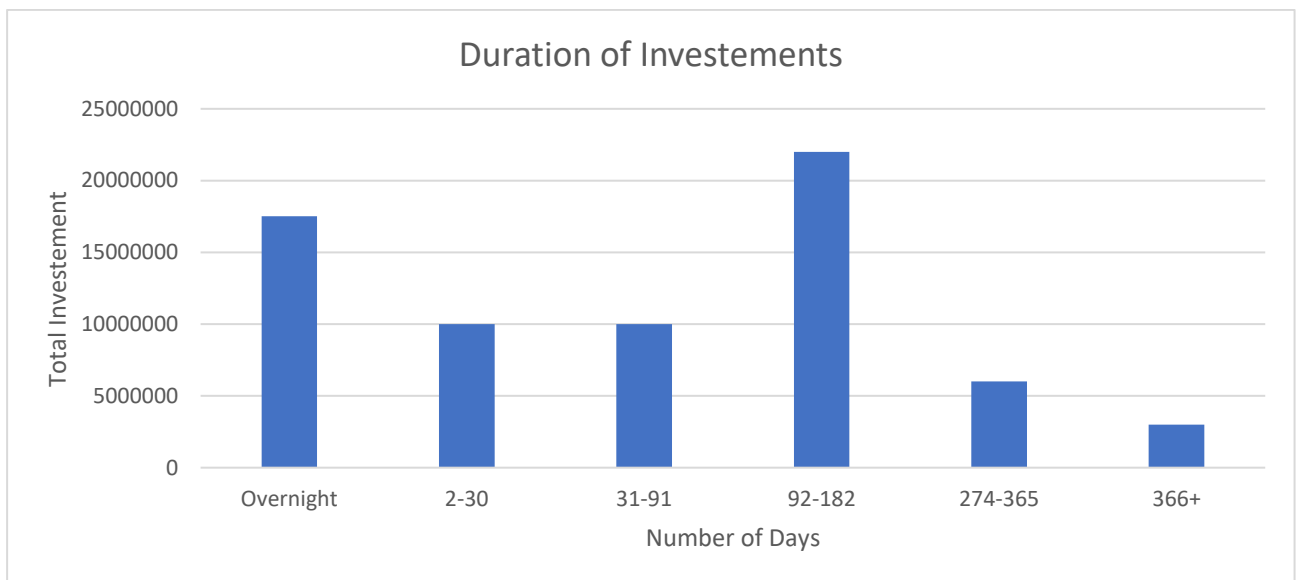
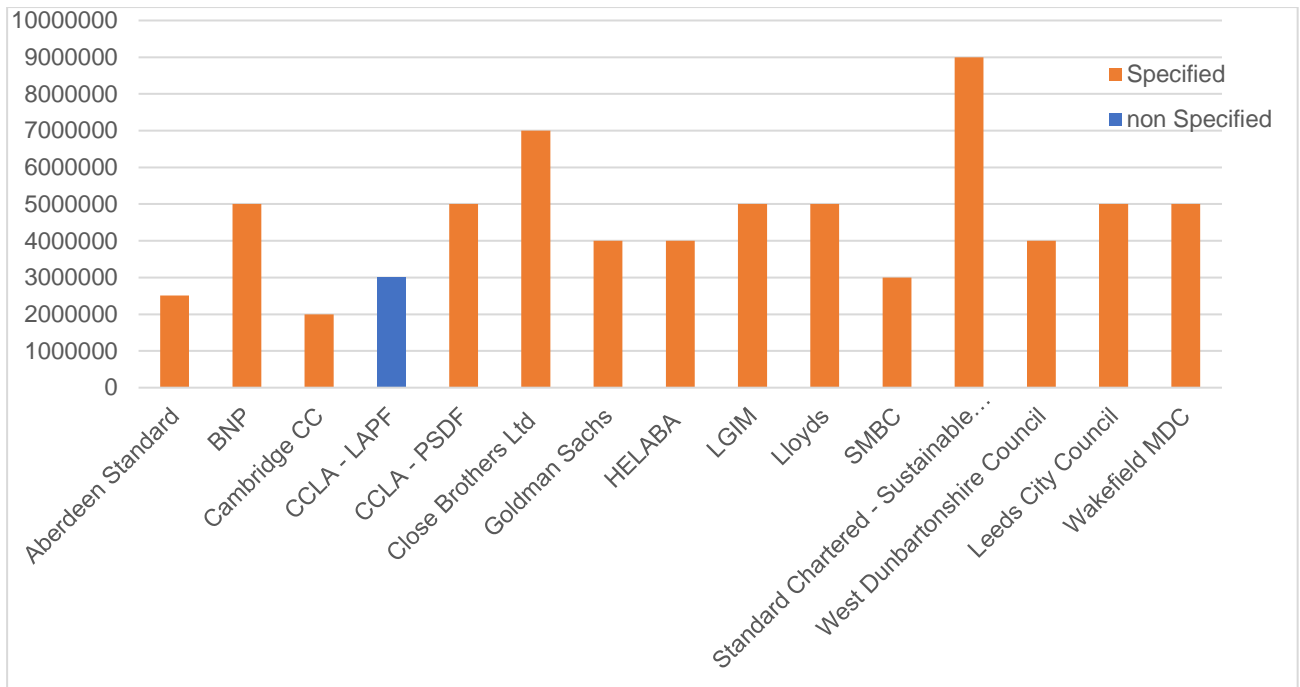
- 2.6 The Council's investment policy is governed by Department for Levelling Up, Housing and Communities (DLUHC) guidance, which was implemented in the annual investment strategy approved by the Council on 3 March 2022. The investment activity during the year complied with the approved strategy throughout the whole year. During the year the Council had no liquidity difficulties.
- 2.7 At 31 March 2023 the Council held short and long-term investments of £69.629m and was compliant with the council's policy to hold not more than 35% of investments as long term. This includes a £1.12m investment in Gravitas and a £3m investment in the CCLA (Churches, Charities and Local Authorities) Local Authority Property Fund.
- 2.8 The CCLA Local Authority Property Fund invests in property so the value of any investment in the fund can fluctuate as the value of property fluctuates and a quarterly dividend payment is received. The Council views this as a long-term investment that it has entered into for a minimum of five years as this manages the risk of fluctuations in the value of the investment which was £2.674m at 31

March 2023. The second half of 2022 was a difficult time for the commercial property market in general as property prices fell sharply in response to rising interest rates and government bond yields which accounts for the fall in value. Income flows to property have remained strong and distributions from the fund are not affected by the movement in capital value. The dividend payable for the year was £113,960 which is a 3.80% return on investment on the initial £3m investment. The primary reason the Council invested in the fund was for the quarterly dividend payments which have historically been higher than the return on other investments. The table below shows the total dividends the Council has received each year since its initial investment in October 2019.

Year	Dividend Receivable	Average Return (based on £3m investment)	Average Rate of Return on investments
2019/20 (part year – 5 months)	£49,479	3.9%	0.99%
2020/21	£117,135	3.9%	0.40%
2021/22	£104,051	3.5%	1.26%
2022/23	£113,960	3.8%	4.07%
Total over Period	£384,625		

2.9 The total amount of variable rate investments has reduced between 31 March 2022 and 31 March 2023 from £24.558m to £21.629m respectively as the interest rates achievable on fixed rate investments were superior to those available for variable rate investments. The balance on fixed rate investments reduced from £65m on 31 March 2022 to £48m on 31 March 2023, this reduction primarily relates to the repayment of the balances of the COVID-19 business grants which the Council was responsible for distributing to eligible businesses and the payment of the Energy Rebate to eligible residents during 2022/23 which the Council received a grant of £8.2m for in March 2022. Decisions regarding the split between variable and fixed rate investments are made to ensure that the Council achieves a return on investments and is also able to meet its cashflow commitments. There were no cashflow issues during 2022/23.

2.10 The duration and counterparties of investments as at 31 March 2023 are shown in the following graphs. When investments are placed the duration is determined by taking into consideration the treasury advice received from Link and the cashflow for the Council. A number of counterparties are used as the Council has recommended investment limits that can be placed with each institution which assists with risk management.



2.11 As part of the role performed by our treasury advisers, we are also provided with benchmarking comparative information across all their clients which helps the Council understand how its investment portfolio is performing in relation to others.

2.12 The table below shows for each quarter analysis our average rate of return and average rate of risk when compared to other District Councils within the comparative group. By quarter 4 the Council's average risk was comparable to the other districts whilst receiving a higher return on investments.

Quarter Ending	SK WARoR*	District WARoR*	SK WARR**	District WARR**
Q1 June 2022	1.14%	0.97%	3.72%	2.83%
Q2 September 2022	2.17%	1.76%	3.67%	3.03%
Q3 December 2022	2.90%	2.98%	3.80%	3.20%
Q4 March 2023	4.03%	3.93%	2.89%	2.89%

* WARoR – weighted average rate of return

** WARR – weighted average rate of risk

- 2.13 As part of the prudential code the Council sets a number of prudential and treasury indicators as part of the treasury strategy, the estimated performance against these indicators was provided in the treasury strategy approved on 3 March 2022 and the actual performance against these indicators is detailed in Appendix A.

Summary

- 2.14 The Council's treasury management functions have operated effectively during 2022/23 and have successfully achieved the following:

- Repayment of principal has been secured in all deposits.
- The Council's cash liquidity requirement has been met throughout the financial year.
- Investment income levels have exceeded the amended budget by £1.39m as investment levels were higher than originally estimated.
- Robust management of the Council's debt position
- Performance indicators set for 2022/23 have been achieved.

3. Key Considerations

- 3.1 These are considered throughout the report.

4. Other Options Considered

- 4.1 There are no other no other options, the Council is required by regulations to produce this report.

5. Reasons for the Recommendations

- 5.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and performance against prudential and treasury indicators for 2022/23.

6. Background Papers

6.1 Treasury Management Strategy 2022/23

<http://moderngov.southkesteven.gov.uk/documents/s32638/Appendix%20G%20-%202022-23%20Treasury%20Management%20Strategy%20Statement.pdf>

6.2 Treasury Management Mid-Year review 2022/23

<http://moderngov.southkesteven.gov.uk/documents/s36222/Treasury%20Management%20Mid-Year%20Report%202022-23.pdf>

7. Appendices

7.1 Appendix A 2022/23 Prudential and Treasury Indicators

2022/23 PRUDENTIAL AND TREASURY INDICATORS

During 2022/23, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	2021/22 Actual £m	2022/23 Estimated £m	2022/23 Actual £m
Capital expenditure			
• General Fund	5.198	6.350	5.209
• HRA	8.778	9.021	6.674
• Total	13.976	15.371	11.883
Capital Financing Requirement:			
• General Fund	13.919	14.264	14.185
• HRA	93.182	89.960	89.960
• Total	107.101	104.224	104.145
External debt	89.435	86.213	86.213
Investments			
• Longer than 1 year	5.000	n/a	3.000
• Under 1 year	83.286	n/a	66.629
• Total	88.286	n/a	69.629

The authorised limit - the authorised limit is the “affordable borrowing limit” required by S3 of the Local Government Act 2003. The Council does not have the power to borrow above this level.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

	2021/22	2022/23
Authorised limit	£148.000m	£158.000m
Operational boundary	£115.000m	£125.000m

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

Ratio of financing costs to net revenue stream	31 March 2022 actual	2022/23 Revised limits	31 March 2023 Provisional Actual*
General Fund	(1.30%)	(3.43%)	(4.61%)
HRA	11.60%	7.83%	5.26%

*these are provisional figures as the 2022/23 outturn is in the process of being finalised

HRA Ratio – net debt per dwelling

	2021/22 Actual	2022/23 Estimated	2022/23 Actual
HRA Debt £m	89.434	86.213	86.213
Number of HRA Dwellings	5,884	5,847	5,848
Debt per Dwelling £	15,199	14,745	14,742

Net borrowing and the CFR (Capital Financing Requirement) - in order to ensure that borrowing levels are prudent over the medium term, the Council's external borrowing net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2021/22 plus the expected changes to the CFR over 2022/23 and 2023/24 from financing the capital programme. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2022/23.

	31 March 2022 Principal	Rate/ Return	31 March 2023 Principal	Rate/ Return
Total debt	£89.435m	2.64%	£86.213m	2.46%
CFR	£107.101m		£104.145m	
Over/ (under) borrowing	(£17.666m)		(£17.932m)	
Total investments	£89.558m	1.26%	£69.629m	4.07%
Net debt	(£0.123m)		£16.584m	

The maturity structure of the debt portfolio was as follows:

	31 March 2022 Actual	31 March 2023 Actual
Under 12 months	£3.221m	£3.222m
12 months and within 24 months	£3.222m	£3.222m
24 months and within 5 years	£9.665m	£9.665m
5 years and within 10 years	£16.109m	£16.109m
10 years and above	£57.217m	£53.995m

The exposure to fixed and variable rates was as follows:

	31 March 2022 Actual	31 March 2023 Actual
Fixed rate (principal or interest)	65.000m	48.000m
Variable rate (principal or interest)	24.558m	21.629m



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Governance and Audit Committee

14 June 2023

Report of Councillor Philip Knowles,
Cabinet Member for Corporate
Governance

Draft Annual Governance Statement 2022/23

Report Author

Tracey Elliott, Governance & Risk Officer

 tracey.elliott@southkesteven.gov.uk

Purpose of Report

To provide Governance and Audit Committee an opportunity to review the Draft Annual Governance Statement 2022/23, attached at Appendix A, ahead of its inclusion within the Statement of Accounts.

Recommendations

That the Committee considers the contents of the report and provides feedback on the Draft Annual Governance Statement attached at Appendix A.

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

- 1.1 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

- 1.2 There are no direct financial implications arising from this report.

Completed by: Richard Wyles, Chief Finance Officer

Legal and Governance

- 1.3 There are no further legal or governance implications that are not already covered in the body of the report.

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

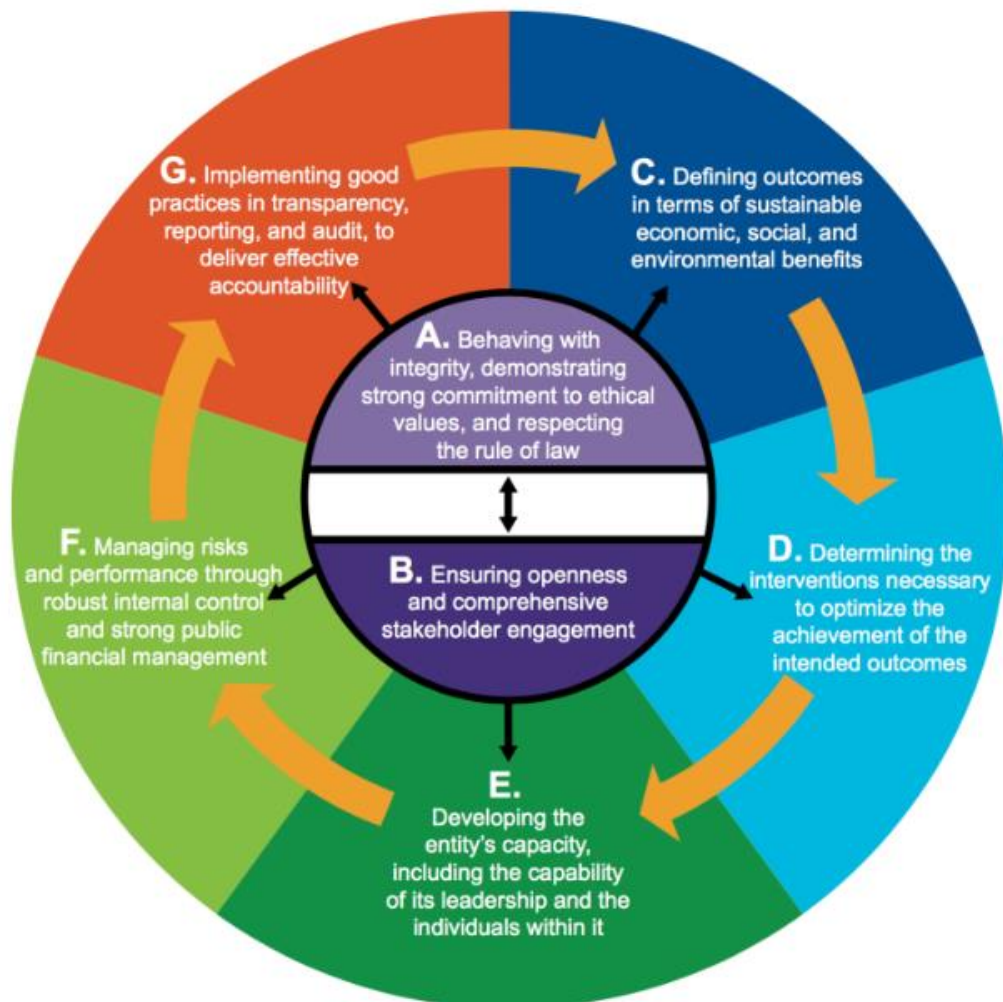
2. Background to the Report

- 2.1 Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 requires an authority to conduct a review of the effectiveness of its systems of internal control and include a statement on the review with any published Statement of Accounts – this is known as the Annual Governance Statement.
- 2.2 On an annual basis the Leader of the Council and the Chief Executive publish an Annual Governance Statement that:
- assesses how the Council has complied with the Local Code of Corporate Governance which has been produced in accordance with the principles and requirements contained within the framework established by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in the publication, Delivering Good Governance in Local Government Framework (2016 Edition) – further information below in 2.3
 - provides an opinion of the effectiveness of the Council's arrangements
 - provides details of how continual improvement in the systems of governance will be achieved
- 2.3 The 'Delivering Good Governance in Local Government; Framework' sets the standard for local authority governance in the UK. The concept underpinning the

Framework is to support local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The purpose of the Framework is to assist authorities individually in reviewing and accounting for their own unique approach, with the overall aim to ensure that:

- resources are directed in accordance with agreed policy and according to priorities
- there is sound and inclusive decision making
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities

2.4 The Framework sets out seven core principles of governance as detailed in the diagram below, and illustrates that good governance is dynamic and involves continuous evaluation and review:



2.5 The Framework is applied when compiling the Annual Governance Statement with the Council providing assurances over its governance arrangements, together with identifying areas of future focus and improvement.

2.6 The Draft Annual Governance Statement, attached at Appendix A, consists of:

- Foreword from the Leader of the Council and the Chief Executive
- Key elements of the Council's Governance Framework 2022/23
- How the Council has complied with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework
- Governance Framework for 2022/23
- Review of Effectiveness – *internal audit opinion and external audit narrative to be included once received*
- Combined Assurance Review – *to be included once work has concluded*
- Follow up on 2021/22 key areas of focus
- Governance key area of focus for 2023/24

2.7 The 'Governance key area of focus for 2023/24' will be the delivery of:

- Comprehensive induction process for newly elected and re-elected Councillors following all-out elections in May 2023
- Scrutiny Review Action Plan
- Local Government Association Corporate Peer Challenge Action Plan

3. Key Considerations

3.1 Members are required to ensure the draft Annual Governance Statement adequately reflects the financial year 2022/23 and that it sufficiently portrays the overall governance framework for the Council.

4. Other Options Considered

4.1 The production of the Annual Governance Statement is a requirement of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015.

5. Reasons for the Recommendations

5.1 The reasons for the recommendation are set out in the report.

6. Appendices

6.1 Appendix A – Draft Annual Governance Statement 2022/23

Annual Governance Statement Draft

2022/23



Foreword

Welcome to South Kesteven District Council's Annual Governance Statement for the period 1 April 2022 to 31 March 2023.

The Council has a duty to ensure that its business is conducted to a high standard in accordance with law and that our finances are safeguarded and properly accounted for, and the purpose of this Statement is to demonstrate that the right systems and processes are in place.

As in the previous 12 months, 2022-23 presented a huge set of unprecedented challenges to which the Council responded positively and proactively, thereby ensuring that residents and businesses could continue to access essential services, and that support and advice were available throughout.

The Council has adapted and continued to show flexibility in its response to the changing environment, whilst also meeting the requirement of the Local Government Act 1999 of planning for continuous improvement in the way services are delivered, and ensuring value for money for residents.

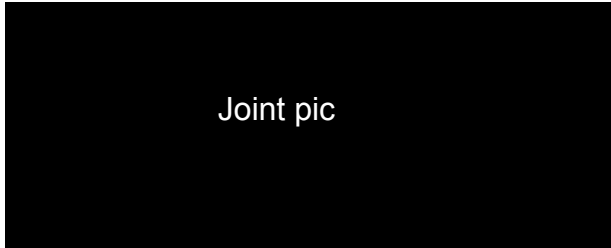
As part of this, alongside our governance framework we have a Corporate Plan 2020-2023 in place to bring focus and clarity to our vision and priorities for South Kesteven to be the best district in which to live, work and visit.

The Annual Governance Statement has been prepared and published in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance in Local Government Framework and meets the statutory requirement to review governance arrangements at least once a year.

It conforms to the Council's Local Code of Corporate Governance and covers all significant corporate systems, processes and controls across all Council activities.

The statement details the Council's key governance arrangements, explaining how they are tested and the assurances that can be relied on to show that the systems are working effectively. It also allows us to identify areas for improvement in our internal control framework and implement any necessary changes.





The Council is committed to continuous improvement and is confident that it has established robust foundations enabling it to continue to develop and strengthen governance arrangements.



Joint pic

Cllr Richard Cleaver
Leader of the Council
South Kesteven
District Council

Karen Bradford
Chief Executive
South Kesteven
District Council

 @southkesteven
 @southkdc
 [linkedin.com/company/south-kesteven-council](https://www.linkedin.com/company/south-kesteven-council)
 01476 40 60 80

Key elements of the Council's Governance Framework 2022/23

Full Council	<ul style="list-style-type: none"> • Approves amendments to the Constitution and all associated Procedure Rules, Protocols and Codes • Approves Strategies, Policies and Plans which make up the Policy Framework, including Full Council the Corporate Plan and the Local Development Plan • Approves the Council's budget and Medium Term Financial Strategy, including the setting of Council Tax • Holds meetings in public unless exemptions apply. All decisions are publicly available in minutes of its meetings
Cabinet	<ul style="list-style-type: none"> • Takes the majority of the Council's decisions on matters outside of the Council's budget and policy frameworks • Sets priorities in line with the Council's Vision and recommends budget proposals to underpin delivery • Reviews the Council's financial performance, performance of services and risk management • Holds meetings in public unless exemptions apply. All decisions are publicly available in minutes of its meetings
Governance and Audit Committee	<ul style="list-style-type: none"> • Scrutinises and approves Financial Statements on behalf of the Council • Reviews Financial Regulations, Contract Procedure Rules and the Treasury Management Strategy • Reviews and scrutinises governance arrangements, including Local Code of Corporate Governance, internal and external audit reports and management of risk • Reviews annual reports for Safeguarding, Health & Safety, Business Continuity and complaints made to the Local Government Ombudsman • Holds meetings in public unless exemptions apply. All decisions are publicly available in minutes of its meetings
Overview and Scrutiny Committees	<ul style="list-style-type: none"> • Provides a critical friend challenge to the Cabinet and holds decision-takers to account • Makes recommendations to decision-takers as part of pre-decision scrutiny • Makes recommendations to decision-takers as part of policy or strategy development • Can hold calls for evidence from internal or external stakeholders • Holds meetings in public unless exemptions apply. All decisions are publicly available in minutes of its meetings
Companies Committee	<ul style="list-style-type: none"> • Considers proposals on the creation of any new company or joint venture, making recommendations to Cabinet • Provides oversight of companies, joint venture partnerships or other such collaborative arrangements whether wholly or jointly owned by the Council • Provides the scrutiny function for investments, outcomes against funding, property disposals and other resourcing decisions made in relation to companies • Holds meetings in public unless exemptions apply. All decisions are publicly available in minutes of its meetings
Management	<ul style="list-style-type: none"> • Reviews performance management and projects including progress against milestones, resource allocation, risks and performance • Completes Annual Assurance Statements and contributes to the effective corporate management and governance of the Council
Risk Management	<ul style="list-style-type: none"> • Reviews risk registers for strategic, operational and fraud risks. Strategic risks considered by senior managers quarterly and Governance and Audit Committee biannually
Internal Audit	<ul style="list-style-type: none"> • Sets the Internal Audit Strategy to meet the Council's overall strategic direction and provide assurance on risk management, governance and internal control arrangements • Undertakes annual programme of audits and presents progress reports against the plan • Makes recommendations for improvement in systems and controls and value for money

How we comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Solace Framework

The Council has approved and adopted a Local Code of Corporate Governance based on the requirements of the CIPFA/Solace Delivering Good Governance in Local Government Framework 2016. Set out below is how the Council has complied with the seven principles set out in the CIPFA/Solace Framework during 2022/23.

Principle A

Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

The Council has defined and communicated the standards of conduct and personal behaviour expected of elected Members and Officers through its Member and Officer Codes of Conduct, together with a Member/ Officer Protocol, included as part of its Constitution to ensure integrity. Member Code of Conduct training formed part of the comprehensive induction programme for Members following the quadrennial elections in May 2019, with further refresh sessions being held throughout the term of office. Additionally, the Council adopted the Local Government Association's new model Councillor Code of Conduct at its meeting on 25 November 2021 and subsequent training for Members on the Code has taken place. This training has been extended to Parish and Town Councils who have been encouraged to adopt the model Code.

There is a complaints process in place in relation to alleged breaches of the Member Code of Conduct, with any such complaints investigated by the Council's Monitoring Officer, in accordance with the a specific procedure for dealing with such complaints.

A Counter Fraud Framework is in place which incorporates bribery and corruption, and a Whistleblowing Policy which provides protection for individuals to raise concerns in confidence and ensures that any concerns raised are investigated.

The Council's Customer Feedback Process provides members of the public with an avenue to raise any concern or complaint as well as provide compliments to specific service areas or individual members of staff.

The governance framework brings together an underlying set of legislative requirements, good



practice principles and management processes. It comprises the systems, processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and informs the local community. It enables the Council to monitor the achievement of its strategic objectives.

Whenever the Council makes a decision at its meetings it ensures legal implications are considered. To assist with this, all reports include legal and governance implications, which are signed off by the Monitoring Officer or Deputy Monitoring Officer, Legal Executive or a legal representative from the Legal Services Lincolnshire Partnership.

Principle B

Ensuring openness and comprehensive stakeholder engagement

All meetings are open to the public with agenda papers, reports and decisions being published on our website, except those determined as exempt from publication. The Council is able to exclude the press and public from meetings for reasons set out in Schedule 12A of the Local Government Act 1972 (as amended).

The Council has robust arrangements in place to deal with residents complaints, FOI requests, subject access requests, data breaches and whistleblowing allegations.

The Council's Constitution sets out how the authority engages with stakeholders and partners.

A Partnerships Register is in development to confirm arrangements the Council has in place with partners and shared working practices.



During 2022/23 a number of consultations were undertaken. This included a significant public consultation with the residents of Grantham, and surrounding parishes, along with key stakeholders, to establish if they supported the creation of a new parish council via the Community Governance Review process.

An additional element of targeted consultation was undertaken with residents in three parishes on the periphery of the Grantham boundary and the results of both consultation exercises were reported to Full Council on 1 March 2023.

Consultations were undertaken on Wyndham, Dysart and Queen Elizabeth parks to capture local residents views of the facilities.

There was also a consultation on the proposal to increase council tax by £5 per Band D property for the financial year 2023/24.

Following the consultation in relation to the options associated with the investment, re-design and refurbishment of the Deepings Leisure Centre, the outcomes were presented to meetings of the relevant Overview and Scrutiny Committee, Cabinet in April 2022 and Full Council on 24 November 2022.





Principles C & D

Defining outcomes in terms of sustainable economic, social and environmental benefits and determining the interventions necessary to optimise the achievement of the intended outcomes

South Kesteven District Council has a number of Council owned companies that support the delivery of specific Council objectives

EnvironmentSK Ltd, a company wholly owned by the Council, provides facilities management focused on grounds maintenance, arboriculture and horticultural services to the Council, other authorities, parish and town councils, businesses, and the public. Six monthly updates have been provided to Companies Committee on the performance of the company, and Companies Committee were also responsible for approving the projected budget for 2022/23 and associated Business Plan. During 2022/23 a significant amount of work was undertaken to ensure that the mapping of grounds maintenance responsibilities were accurately recorded in a new Geographic Information System, and a new grounds maintenance specification was developed. These key pieces of information formed the basis of an options appraisal looking at the future of grounds maintenance provision across the district. Three options were identified including EnvironmentSK Ltd continuing to provide the service, options around a commercial contract through a procurement exercise, or whether the grounds maintenance service should be insourced and integrated with other Council

functions. The results of the options appraisal were presented to a joint scrutiny meeting of the Environment and Rural and Communities Overview and Scrutiny Committees on 6 February 2023. Following their recommendation Cabinet decided that the grounds maintenance service should be insourced from 1 April 2023, the service being integrated with Street Scene as soon as possible within the financial year 2023/24.

LeisureSK Ltd was established in September 2020 and took over the management of the Council's leisure facilities in January 2021. There is a leisure contract in place between the company and the Council which details the level of service to be provided and includes key performance indicators to measure and monitor performance. Under the terms of the contract, LeisureSK Ltd is responsible for the provision of a high quality, accessible leisure service across the district which is attractive to residents and visitors. The main aim of the arrangement is to facilitate the improvement of the health and wellbeing of the district through a range of outcomes, including increasing levels of physical activity across the district, attracting increasing numbers of users to the leisure facilities, providing a high standard of customer care, and identifying opportunities to engage with residents outside of traditional leisure activities.

The Council's leisure contract arrangement with LeisureSK Ltd now covers three leisure centres in Grantham, Stamford and Bourne. Deepings Leisure Centre was closed in July 2021 as, due to its age and condition, it posed significant health and safety risks. Subsequently Deepings Leisure Centre was removed from the contract with the building being handed back to its owner, Lincolnshire County Council in January 2023..

There is a Council appointed Board of Directors for LeisureSK Ltd which comprises senior officers. The Board is responsible for overseeing the strategic direction of the company and its financial and operational performance. Membership of the Board of Directors is complemented by a Non-Executive Director who was recruited in recognition of his significant leisure knowledge and experience.

There are robust contract monitoring arrangements in place to ensure that LeisureSK Ltd deliver on the contract objectives and key performance indicators.

Principle E

Developing the entity's capacity, including the capability of its leadership and the individuals within it

The Council has adopted a People Strategy which is built around three themes:

- Attract the right people, retain and develop excellent skills, define and embed the right culture
- Engaging and valuing our people in order to run our business effectively
- Effective leadership to encourage, inspire and navigate change

The aim of the People Strategy is to provide an immediate and on-going and long-term framework for engaging, sustaining, developing and managing our people to be fit for purpose in supporting the Council's vision, goals and the aspirations outlined in the Corporate Plan. In order to address this, we will:

- Attract and recruit high calibre staff regionally
- Develop and support our staff to fulfil their potential and help us deliver our aspirations
- Engage to create an inspired workforce
- Improve the equality, diversity and inclusion of the Council
- Retain and reward our staff through recognising their contribution
- Create and maintain a progressive, collaborative and healthy working environment

The Council has a scheme of delegation that sets out how decisions are made within the Council both at Member level and officer level. This was reviewed and adopted by the Council on 27 January 2022 as part of a comprehensive review of the Council's Constitution. The Council has effective arrangements for the discharge of the statutory Monitoring Officer and Head of Paid Service functions and complies with the relevant requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) statement on the Role of the Chief Financial Officer in Local Government.

Principle F

Managing risks and performance through robust internal control and strong public financial management

The Council has effective risk management which is embedded across all areas of business activity. The authority recognises that risk management is an integral part of all activities and must be considered in all aspects of decision making.

The Council's Risk Management Framework sets out its approach to identifying and controlling risks. Risk registers are maintained at strategic and service area level. Strategic risks are reviewed by the Corporate Management Team and reported to the Governance and Audit Committee biannually.

The Council's project methodology ensures that all risks are captured and monitored to enable the successful delivery of projects. These are reported every two months to Corporate Management Team.

The Council's Counter Fraud Framework, structured on the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, sets out the importance of achieving intended outcomes, whilst acting in the public interest, and being seen to do so.

The Council continues to be a part of the Lincolnshire Counter Fraud Partnership which was established to create the framework for a county-wide anti-fraud approach. The Partnership provides a forum for counter fraud specialists and subject area experts from Lincolnshire County Council and the seven district councils in Lincolnshire to develop and deliver proactive exercises and investigate fraud.

Financial management is a key element of the structure and processes that comprise the Council's governance arrangements and it will be undertaking an assessment against the CIPFA Financial Management Code and developing an action plan.

Underpinning the delivery of the Council's Corporate Plan and priorities is the ethos of a well-run Council. This includes effective financial management to achieve efficiencies and savings in the short and medium terms.

Strategic Risks 2022/23

1. Ensuring efficient and effective internal control/compliance
2. Achieving Council transformation
3. Supporting communities
4. Achieving future financial resilience
5. Creating the right culture, capacity and capability
6. Ability to be agile and shift focus in response to policy, national political change, and changes to the external environment
7. Ensuring robust security measures to protect the Council's data and assets from external threats

Principle G

Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Council is open and accessible to the community, service users and employees. It is committed to openness and transparency in all that it does, and this is underpinned by the Corporate Plan. The Council ensures that clear channels of communication are in place with all sections of the community and other stakeholders, and we monitor these to ensure that they are operating effectively.

Every effort is made to ensure that information is concise and easy to understand. In accordance with the Local Government Transparency Code the Council publishes how we spend its money, how it uses its assets, how it makes decisions and have regard to issues important to local people.

The Council has a comprehensive consultation process for published reports which ensures senior management and Members own the contents.

The Council is committed to publishing information on its performance in a timely manner and report

performance against targets and financial targets on a regular basis to committees.

The Council has an internal audit services, commissioned through Assurance Lincolnshire, that reports directly to the Governance and Audit Committee on all aspects of its work, including tracking the implementation of management actions. The Committee also has the opportunity to suggest items for the annual internal audit work programme.

The Council welcomes peer challenge, reviews and inspections from regulatory bodies and it participates in national benchmarking exercises to obtain comparative data on performance. It has recently undertaken external reviews in relation to the Planning Service and the role and functions of the Planning Committee, the review of the Council's Scrutiny Function carried out by the Centre for Governance and Scrutiny and the Local Government Association Corporate Peer Challenge. Action plans have been developed and implemented with necessary constitutional amendments approved by Full Council to put these in place where necessary.



Governance Framework for 2022/23

The Governance Framework shown below has been in place throughout the financial year which ended on 31 March 2023 and continues to be in place up to the date of the approval of the Statement of Accounts.

Assurances Required

- Delivery of Council's aims and objectives
- Services deliver value for money
- Engagement with stakeholders and public accountability
- Budget and financial management
- Roles and responsibilities of Members and Officers
- Standards of conduct and behaviour
- Compliance with laws, regulations, internal policies and procedures
- Management of risk
- Effectiveness of internal controls

Sources of Assurance

- Constitution; Scheme of Delegation, Financial Regulations, Contract Procedure Rules and specific Rules of Procedure for the Council's bodies
- Council, Cabinet and Committees including Governance and Audit and Overview and Scrutiny Committees
- Statutory Officers Group
- Corporate Information Governance Group
- Medium Term Financial Strategy
- Human resources policies and procedures
- Whistleblowing and counter fraud procedures
- Risk management and internal control frameworks
- Performance management framework
- Partnership governance arrangements
- Codes of Conduct
- Corporate Management Team
- Annual Assurance Statements
- Customer complaints system

Assurances Received

- Statement of Accounts
- External audit reports
- Internal audit reports
- Risk management reports
- Counter fraud reports
- Independent and external sources
- Local Government Ombudsman reports
- Reviews by Overview and Scrutiny Committees and Governance and Audit Committee
- Member/officer working groups
- Customer feedback eg complaints
- Freedom of Information requests
- Data Subject Access Requests
- Whistleblowing reports

Review of Effectiveness

Internal audit

The Council's internal auditors, Assurance Lincolnshire, are required to provide an opinion on the overall adequacy and effectiveness of the Council's risk management, governance and internal control arrangements.

Six assurance reviews were undertaken during 2022/23 and one consultancy review. Five assurance reviews resulted in Substantial Assurance, and one resulted in a split assurance of Substantial/Limited.

For the twelve months ended 31 March 2023, based on the work undertaken, internal audit's opinion below details the adequacy and effectiveness of the Council's risk management, governance and internal control arrangements:

TBC

Governance and Audit

Committee is well established with its terms of reference complying fully with CIPFA guidance.

The key areas covered by the Committee's terms of reference are:

- accounts and financial reporting
- financial regulations
- treasury management
- internal and external audit activity
- risk management
- governance
- counter fraud and bribery
- contract procedure rules
- regulatory framework
- the ombudsman process

In addition, Committee receives annual reports on:

- Business Continuity
- Health & Safety
- Safeguarding

External audit

TBC

Combined Assurance Review

TBC

Follow-up on last year's key areas of focus

Last year's Annual Governance Statement identified six areas of focus and the table below sets out the action taken to address those areas:

Key area of focus identified for 2022/23	Action taken
Seek removal of the statutory housing regulator improvement notice	An improvement plan, agreed with the Regulator of Social Housing, has been implemented and the Council is now in a position of compliance in terms of landlord health and safety. Continuous improvement across all compliance areas remains a key focus. Work is ongoing to seek removal of the Regulatory Notice at the earliest opportunity.
Undertake an annual review of the Council's Constitution	Following the comprehensive review, a revised Constitution for the authority was approved and adopted by Full Council on 26 May 2022. The Monitoring Officer is required to keep the document under regular review and will report any necessary changes into the relevant Committee at the appropriate time. All Members of the Council also have the ability to highlight aspects of the Constitution which they feel require review, which would also result in consideration by the relevant Committee and presentation to Council.
Undertake a six-month assessment of the Peer Review	A six-month review of progress made against the recommendations set out in the Local Government Association Corporate Peer Challenge was undertaken in September 2022 and a revised action plan is in place to address areas identified for further areas of improvement. The Peer Review Team reported that significant progress had been made by the Council in response to the recommendations put forward in the initial report and commended the authority for the work undertaken.
Develop an action plan to respond to the Council's Scrutiny Review	An action plan, in response to the Centre for Governance and Scrutiny's final report, following its review of the Council's Overview and Scrutiny function, was endorsed by the Governance and Audit Committee on 30 January 2023 and presented to Council on 1 March 2023.
Undertake a further review of the Council's companies to ensure they are fit for purpose	Independent reviews of companies, and the services they deliver for the Council, are undertaken on a case-by-case basis. This has resulted in decisions to dissolve three of the Council's wholly owned companies.

Governance Issues

Key area of focus for 2023/24	Action Owner	Deadline
Delivery of a comprehensive induction process for newly elected and re-elected Councillors following all-out elections in May 2023	Assistant Director of Governance	To be completed by September 2023
Ensure delivery of the Scrutiny Review Action Plan	Assistant Director of Governance	December 2023
Ensure delivery of the Local Government Association Corporate Peer Challenge Action Plan	Corporate Management Team	May 2024

Contact Details

Alternative formats are available on request:
audio, large print and Braille

South Kesteven District Council
01476 40 60 80
 www.southkesteven.gov.uk

03739RT_5.23



Governance and Audit Committee Work Plan 2023-24

Committee Membership:

Chairman: Councillor Tim Harrison

Vice-Chairman: Councillor Paul Wood

Item	Current Issues/Status	Outcome Sought
	14 June 2023	
Members' Special Responsibility Allowance	To consider the Members' Special Responsibility Allowance	To note the contents of the report.
Appointments to the Board of Leisure SK Ltd, Gravitas Ltd and Aubers Ridge Ltd	To consider appointments to the Board of Leisure SK Ltd, Gravitas Ltd and Aubers Ridge Ltd	To note the contents of the report.
85 Market Operational Review Report	An update on the position of the Markets	To review and note the contents of the plan.
Internal Audit Draft Plan 2023/2024	Internal Audit to present Draft Audit Plan for 2022/2023.	To review and note the contents of the plan.
Treasury Management Annual Report 2022/2023	To consider the Treasury Management Annual Report 2022/2023.	To review and note the contents of the report
Cabinet & Overview & Scrutiny Protocol	To consider a draft copy of a new Cabinet and Overview & Scrutiny Protocol – an agreed action resulting from the Scrutiny Review	Recommendation to Full Council to adopt the Cabinet and Overview & Scrutiny Protocol as part of the Constitution
Amendments to Constitution	To consider a number of Constitutional amendments recommended by Officers	Recommendation to Full Council of amendments to the Constitution
Draft Annual Governance Statement 2022/2023	To consider the Draft Annual Governance Statement for 2022/2023	To approve the Draft Annual Governance Statement 2022/2023.

Item	Current Issues/Status	Outcome Sought
Full Council Scheduled Times	To consider the timing of Full Council meetings for the year 2023/2024.	To consider proposals for submission to the Chief Executive regarding revised start times for meetings of Full Council
12 July 2023		
External Audit Plan	Overview of the planned scope and timing of the statutory audit of the final accounts and the Value for Money work.	To consider accepting the External Audit Plan.
Internal Audit Annual Report	Internal Audit to present the Annual Report.	To review and note the contents of the report.
Internal Audit Progress Report	Update from the Council's Internal Auditors	To review and note the contents of the report
Draft Financial Outturn 2022/2023	Detail of the Council's outturn position for the financial year 2022/2023.	To review the contents of the report and consider approving any reserve movements, Capital slippages and creation of reserves.
Counter Fraud Annual Report 2022/2023	An Annual Report on the Counter Fraud monitoring process.	To review and note the contents of the report.
26 September 2023		
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.

Item	Current Issues/Status	Outcome Sought
Risk Management Annual Report 2022/2023	The Annual Report on Risk Management Procedure and Policy.	To review and note the contents of the report.
Risk Management Framework 2023/2025	A presentation of the Risk Management Framework 2023/2025.	To review and note the contents of the report.
Health and Safety Annual Report 2022/2023	Report to give an overview of the health and safety management arrangements within South Kesteven District Council and identify key areas of focus	To review and note the contents of the report.
Ombudsman Annual Report 2022/2023	Annual review of complaints received and decisions made from the Local Government Ombudsman Letter.	To review and note the contents of the report.
29 November 2023		
Annual Governance Report	Report outlining the key findings arising from the statutory audit of South Kesteven District Council.	To review and note the contents of the report.
Statement of Accounts 2022/2023	To be approved each year by the statutory deadline.	To approve the 2022/2023 Statement of Accounts and their publication on the Council's website.
24 January 2024		
Internal Audit Progress Report	Update from the Council's Internal Auditors	To review and note the contents of the report
Indicative Internal Audit Plan 2024/2025	Internal Audit to present the indicative Internal Audit Plan for 2024/2025.	To review and note contents of plan for 2024/2025.
Treasury Management Mid-Year Review	Update on treasury and debt management operations during the financial year.	To review and note the contents of the mid-year review..

Item	Current Issues/Status	Outcome Sought
Counter Fraud Framework 2024/2026	A report on The Counter Fraud Framework 2024/2026.	To review and note the contents of the report.
Safeguarding Annual Report 2022/2023	An overview of the Council's involvement in the safeguarding of children, young people and vulnerable adults for 2022/2023.	To review and note the contents of the report.
13 March 2024		
Annual Report on Grants and Returns	Report providing details on the Housing Benefit Subsidy Claim.	To review and note the contents of the report.
Internal Audit Progress Report	Update from the Council's Internal Auditors	To review and note the contents of the report
Statement of Accounting Policies	Annual report prior to the preparation of the Statement of Accounts to ensure that the policies are up to date and in line with the CIPFA Code of Practice.	To consider approving the Statement of Accounting Policies.
Strategic Risk Register	The Strategic Risk Register is presented to the Committee bi-annually as part of the monitoring and review of the risk management arrangements.	To review and consider approving the Strategic Risk Register.
Items to be allocated as and when required		
Financial Regulations		
Code of Corporate Governance		
Code of Conduct		
Contract Procedure Rules		
Risk Management Framework		
Committee Members Meeting with Auditors		

Item	Current Issues/Status	Outcome Sought
Counter Fraud Framework		

This page is intentionally left blank