

# Meeting of the Governance and Audit Committee

Thursday, 19 November 2020,  
2.00 pm



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL

Meeting held virtually, via Skype

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## Committee Members

Councillor Ian Stokes (Chairman)  
Councillor Paul Wood (Vice-Chairman)

Councillor Gloria Johnson  
Councillor Philip Knowles  
Councillor Jacky Smith  
Councillor Mark Whittington  
Councillor Sue Woolley

## Cabinet Members

Councillor Kelham Cooke (Leader of the Council)  
Councillor Dr Peter Moseley (Cabinet Member for Commercial and Operations)  
Councillor Robert Reid (Cabinet Member for Housing and Planning)  
Councillor Adam Stokes (Cabinet Member for Finance and Resources)

## Officers

Karen Bradford (Chief Executive)  
Ken Lyon (Assistant Chief Executive)  
Richard Wyles (Interim Director of Finance (Section 151 Officer))  
Chris Stratford (Interim Assistant Director of Housing)  
Nova Roberts (Head of Customer Experience and I.T)  
Carol Drury (Community Engagement and Policy Development Officer)  
Tracey Elliott (Governance and Risk Officer)  
Shelley Thirkell (Acting Principal Democratic Officer)  
Chris Prime (Communications Officer)  
Zena West (Scrutiny Officer (Technical Support))

## Internal Audit

Amjad Ali (RSM)  
Rob Barnett (RSM)  
Sheila Patel (RSM)

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## Members in attendance

Councillor Bob Adams  
Councillor Ashley Baxter  
Councillor Phil Dilks  
Councillor Graham Jeal  
Councillor Virginia Moran  
Councillor Ray Wooten

## **1. Register of attendance, membership and apologies for absence**

Following a register of attendance, it was confirmed that all Members of the Committee were present.

## **2. Disclosure of interests**

No interests were disclosed.

## **3. Minutes of the meeting held on 13 August 2020**

The minutes of the meeting held on 13 August 2020 were proposed, seconded and agreed as a correct record.

## **4. Updates from previous meeting**

A Member enquired if the Voids Policy for Council housing allocations was yet in place. The Cabinet Member advised that it was currently being developed with Officers and that a draft Policy would be provided to the Committee at a future meeting. The Chief Executive advised that the Voids Policy would be available by January 2021, it would be considered by Rural and Communities Overview and Scrutiny Committee. Any financial implications of the Policy would be considered by both the Governance and Audit Committee and the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee.

The Interim Director of Finance provided an update on the actions detailed within the minutes.

## **5. Internal Audit Progress Report**

*The Chairman advised the Committee that consideration to Agenda item 6 (Internal Audit Progress Report), would be given prior to Agenda Item 5 (Internal Audit Follow-up Report).*

The Committee received a report on South Kesteven District Council's Internal Audit Progress 2020. The report detailed findings from the Internal Auditors (RSM), on action taken to address management actions agreed. Areas of the progress report covered; General Data Protection Regulation (GDPR) Post Implementation Review and Housing Compliance – Gas, Electrical, Legionella, Asbestos and Fire Safety. The appendices to the report covered; Progress against the Internal Audit Plan 2020/21 and Impact of findings to date 2020/21.

Members enquired about GDPR and if there would be any further training available. The Chairman advised that there was more training scheduled and all Members would receive the necessary training on GDPR, as necessary.

It was queried what were the terms of reference for the recently conducted audit, in respect of Section 106 agreements. It was advised that the S106 audit was due to be completed shortly and it included policies and procedures, roles and responsibilities, use of funds and compliance of agreements. Members requested that a draft progress report be provided to the Committee, as soon as it was available. The Interim Director of Finance advised that the next scheduled meeting of the Committee was March 2021 and asked that Members consider a further meeting be added to the schedule in February 2021.

Concerns were raised regarding housing compliance and if the Committee would receive further updates on the matter. It was advised that the Management Team had requested a separate piece of work to be undertaken on Housing Compliance and provide independent assurance. The Chief Executive advised that some actions identified in the audit were legacy actions, that had unfortunately not been actioned. As the comprehensive audit had been commissioned, these would be actioned accordingly.

It was highlighted to Members that there were changes to the Plan and requested that the Committee approve those changes. It was proposed that a number of audits be removed from the Plan; Financial Regulations, Customer Services, Disabled Facilities Grants, Car Parks and Council Tax. Further audits to be added included; Stock Control, Housing Compliance and I.T. It was felt that the resource was more appropriately placed to those areas and that the Plan should be flexible and responsive to issues and areas of concern.

## **ACTIONS**

- 1. That a meeting of The Governance and Audit Committee be set for early February 2021, for the Committee to consider the progress report on S106 agreements.**
- 2. That the changes to the Audit Plan be implemented, as proposed.**

## **6. Internal Audit Follow-Up Report**

Members received the Internal Audit Follow up Report; Follow up 1 – 2020/21. The report was compiled by Internal Auditors (RSM) and detailed a review of follow up progress made by South Kesteven District Council on previously agreed management actions. The audits which were considered as part of the review were:

- Corporate Governance
- Follow Up 1
- Building Control
- Allocations and Lettings
- Housing Benefits
- Customer Relationship Management
- Complaints and Freedom of Information (FOI)
- Health and Safety Arrangements and Reporting
- Follow Up 2

39 Management actions were considered as part of the review, 39 'medium' and 16 'low'. The focus was to provide assurance that all actions made previously were adequately implemented. The Internal Auditors' opinion was that the Council had demonstrated 'reasonable progress'.

Members were advised that those actions not implemented would remain and be followed up until they were either implemented or superseded. The Chief Executive assured Members that there would be a significant improvement in completion of actions.

Concerns were raised regarding actions that did not receive a response, by officers at the time of compiling the report. A written response on those items, where no response was received, would be provided to the Committee.

## **ACTION**

- 1. That a written response be provided to a future Committee meeting in respect of the actions that did not receive an update by Officers and Management.**

## **7. Housing Compliance Audit 2020 and Updated HRA 3 year rolling New Build Programme**

The Committee received a report on Housing Compliance Audit 2020 and Updated HRA 3 year rolling New Build Programme. The report detailed a review of Housing Compliance; Gas, Electrical, Legionella, Asbestos and Fire Safety. Upon completion of the Audit Key Findings were provided and management actions were agreed upon, actions were assigned a priority level 'High, Medium or Low'.

The Leader of the Council echoed the concerns that the report had highlighted, there had been systematic failings over a number of years within the Housing Service. Re-assurance was provided that the issues and failings would be addressed, measures would be put in place to ensure they were fully resolved. The Council had been working closely with the Regulator, an action plan was in place, providing monthly update reports, which demonstrated the work which had been undertaken. Tenants would be supported throughout the process, as its main priority and a dedicated team had been set up to engage with tenants.

The Cabinet Member for Housing and Planning advised Members of the work that was being undertaken, which supported the recommendations of the report. It was also important for the Council to also ensure that properties were built, to maintain a full Housing Service for South Kesteven.

Members agreed that the report highlighted the significant failings of the Council but that it was commendable that this was brought to the attention of the Regulator. It was requested that Members receive an action plan, which provided timelines and what measures were being undertaken. The Chief Executive advised that Members were

to receive an Improvement Plan that captured both the outcomes of the Compliance Audit, but also other elements, such as the Voids Policy.

A Member of the Committee queried if staff training, appraisals and a suitable structure were in place. Members were advised that briefings were to be made to the Housing Service Officers and appraisals would be implemented. A new Corporate Management Structure had been agreed by full Council, which would see the recruitment of a Director of Housing and Property. Performance Indicators were being developed for the Housing Service, to capture areas such as customer satisfaction and engagement with tenants. A Housing Complaints Officer would also be recruited, who would be a dedicated resource, to ensure any complaints were actioned and resolved accordingly.

The Committee agreed that it was important for information to be readily available and evidence based. It was important that all information be captured, to ensure failings would not occur again. The Chief Executive agreed that it was important for fact-based information to be readily available. Suitable I.T. systems, comprehensive checks and robust procedures were all to be put in place, which would provide assurance following the audit.

An advisor from the Internal Auditor suggested to the Committee that any issues would be documented on a regular basis to the Committee, thus providing continual assurance to tenants and the Committee. A Member queried why targets that had been set for building of houses were not being met. The Cabinet Member advised that an affordable and achievable, three-year delivery programme would be put in place.

Following a vote by exception, the recommendations of the report were agreed.

**ACTION:**

- 1) That the Committee receive periodically, a copy of the Improvement Plan

**DECISIONS:**

- a) That members reviewed the Compliance Audit and action plan to meet the recommendations indicated within the Audit plan and agreed to receive quarterly updates on the progress being made within the work programme.
- b) Members noted and provided comments on the revised 3 year rolling HRA New Build Housing Investment programme and support the principle that the Housing Service should focus on compliance priorities, utilising where necessary funds released through rationalising the HRA New Build Housing Investment Programme proposals.
- c) That Officers provide necessary updates to members regarding key performance and delivery of programmes to ensure capital investment and compliance objectives are achieved.

- d) **It was noted that the Council had reported itself to the Regulator and was jointly working with the Regulator towards compliance as a matter of priority.**

## **8. Ombudsman Annual Report**

The Committee received the Local Government Ombudsman Annual Report 2019/20. Annually the report provided the Local Government and Social Care Ombudsman Annual Review Letter. This detailed the number and type of complaints and their decisions for South Kesteven District Council, for the period covering 1 April 2019 – 31 March 2020. Members were advised of a total of 17 complaints that were reviewed during that period, the decisions that were made and the areas in which they were related to.

The report was noted by Members and following a vote by exception, the recommendations were agreed.

### **DECISIONS:**

- a) **That the Governance and Audit Committee notes the contents of the Local Government Ombudsman Annual Review Letter for the period 1 April 2019 to 31 March 2020**
- b) **That a report be presented to a future Governance and Audit Committee, on the complaint themes and the resulting changes to service delivery.**

## **9. Safeguarding Annual Report 2019 - 2020**

In accordance with Article 11 of the Constitution, Members received an Annual Report on Safeguarding, which provided an overview of the Council's involvement and responsibilities in the safeguarding of children, young people and vulnerable adults for 2019/20.

Members requested clarification on the figures for the completion of training modules, for Taxi Licence holders; how many licence holders were there and how many had completed the training. The Officer explained that Licence holders were not able to obtain that licence, or maintain upon renewal, a Taxi Licence if they had not completed Safeguarding Training. It was advised that figures on the number of Taxi Licence Holders in the District, would be provided to Members, for their information.

There was concern from Members about national reporting of domestic abuse, that these figures had increased considerably. It highlighted that it was important for Members and Officers to be equipped with the knowledge and awareness of the signs, where a safeguarding issue may be apparent. It was advised that any concerns should be raised with the Council's Safeguarding Officers, even at what might appear to be the earliest signs. The Policy detailed signs which Members and Officers should be mindful of. There was also a free e-learning programme available through the Lincolnshire Safeguarding Children's Partnership and Adult Board.

Following a vote by exception, the recommendations of the report were agreed.

**ACTION:**

- 1. The number of Taxi Licence Holders within the District be provided to Members.**

**DECISIONS:**

- a) That the Governance and Audit Committee approve:**
  - i. The 2019/20 Safeguarding Annual Report and note its contents**
  - ii. Noted the update report in six months setting out the progress on the internal review, with a view to understanding how safeguarding practices are being embedded in the Council**

**10. Treasury Management 2020 - 2021 Mid-year review**

A report was provided to the Committee on the Treasury Management Activity, Mid-Year review 2020/21. Regular reports were required to be provided to Members under regulations issued under the Local Government Act 2003. The report covered the Council borrowing and investment strategies, which were as follows:

- A review of debt management operations
- A review of investment operations
- An update on the treasury management Prudential Code Indicators
- An economic update for the first part of the 2020/21 financial year

Members queried the increase of borrowing rates at the Public Works Loan Board and what impact that would have. The Interim Director of Finance advised that the current rates offered were not overly favourable, a level of risk was being factored into them, it was comparable to long term borrowing sources. It was noted that the Council had no current requirement to borrow any funds.

The Committee asked if there was a possibility for the Council to extend their agreed level of lending to other Councils. It was advised that the current level was £10m, which if appropriate, would be reviewed.

A Member queried the current status of the investments within a Property Fund. The Officer advised that South Kesteven could invest up to £5m of the Portfolio into property funds. The current Fund was an external organisation with a diverse portfolio with an anticipated 5-year return. The Council was currently receiving interest of approximately £25,000 per quarter return based on the level of the investment.

Following a note by exception, the report was agreed to be noted.

## **DECISION:**

- a) **Members note and approve the contents of the mid-year review of treasury management activity for 2020-21**

## **11. Work Programme**

The Committee received a copy of the Governance and Audit Committee Work Programme for 2020/21.

The Chairman requested that the Work Programme be updated to only show forthcoming meetings and reports that were to be received on an annual basis, be allocated to meetings accordingly.

The Interim Director of Finance advised that items that had been removed from this agenda; Risk Management Framework, Strategic Risk Register, Governance Review and Planning Review. These items would be considered at the next meeting of the Committee on 30 November, except for the Risk Management Framework which will be considered later in the year. It was requested that the Committee schedule an additional meeting in February 2021 to consider the item along with other items to be presented by the Auditors on Housing Compliance.

Members noted the reports that were to be considered at the meeting of the Committee on 30 November 2020.

## **ACTIONS:**

1. **That the Work Programme be updated to only show forthcoming meetings and reports that were to be received on an annual basis, be allocated to meetings accordingly**
2. **That a meeting of Governance and Audit Committee be scheduled for February 2021**

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

There were none.

## **13. Close of meeting**

The Chairman closed the meeting at 16:17.