

Meeting of the Governance and Audit Committee (Minutes)



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Tuesday, 24 September 2024, 14:00

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

Committee Members present

Councillor Tim Harrison (Chairman)
Councillor Bridget Ley
Councillor Charmaine Morgan
Councillor Rob Shorrock
Councillor Peter Stephens
Councillor Paul Stokes
Councillor Sue Woolley

Cabinet Members present

Councillor Ashley Baxter
Councillor Philip Knowles

Officers

Graham Watts, Assistant Director (Governance and Public Protection) and Monitoring Officer.
Richard Wyles, Deputy Chief Executive, Section 151 Officer
Tracey Elliot, Governance and Risk Officer
Phil Swinton, Emergency Planning and Health & Safety Lead
Ashley McClean, Compliance Officer
Joshua Mann, Democratic Services Officer

29. Apologies for absence

Apologies for absence were received from Councillors Helen Crawford and Mark Whittington.

30. Disclosure of interests

No interests were disclosed.

31. Minutes of the meeting held on 16 July 2024

The minutes of the meeting held on 16 July 2024 were proposed, seconded and **AGREED** as a correct record.

32. Internal Audit Progress Report

The report was presented by the internal auditors from BDO. The report sought to inform the Governance and Audit Committee of the progress made against the 2024/25 internal audit plan.

The internal auditor explained that BDO had completed three of the reviews to date. The first of which was not included within the Agenda report pack to the Committee, rather a letter which had been provided to SKDC confirming that independent grant assurance had been given in respect of the Council expenditure incurred for a grant received by the Arts Council.

The remaining two reviews being presented to the Committee were regarding staffing capacity and capability, and the Social Housing Decarbonisation Fund – a scheme implemented aiming to increase the Energy Performance Certificates (EPC) rating of social housing to at least Band C.

Concerning the staffing capacity and capability, the outcome of the review was that the 'Design Opinion' of the current model was rated as 'moderate', and the 'Design effectiveness' was rated as 'substantial'.

Within this review there were several areas of good practice identified; amongst others it highlighted the Workforce Plan, training opportunities, the appraisal process, the Equality Position Statement, and the management forums.

Areas of concern identified within the review were regarding the comprehensiveness of succession plans and emergency cover. The internal auditor invited feedback from Members on how the findings of the audits were presented in the report.

Concerning the Social Housing Decarbonisation Fund, the review rated this as 'moderate' in its 'Design Opinion' and 'Design Effectiveness'.

The review identified that SKDC had 367 properties which had an EPC rating between Bands D-G. For this reason, £7.26 Million had been received by SKDC from the scheme to enable the improvement of these properties EPC ratings. With this funding in mind, the review found the subsequent procurement process for E.ON to be 'robust' and the responsibilities of each party had been 'clearly defined' within the contract. The review highlighted further areas of strength to be effective stakeholder management, efficient analysis of the current housing stock via digital tools, a comprehensive project plan, and sufficient reporting to the Housing Overview and Scrutiny Committee.

Areas of concern identified were the following –

- Gaps in skills and capacity within the existing team,

- Lack of documentation evidencing completed works,
- The suggestion that an invoice had been raised despite the work being delayed.
- Key Performance Indicators (KPIs) had not been identified with E.ON
- Inspection certificates were not retained for any of the ten Phase 1 updates that were reviewed.
- The lack of a formal Tenant Engagement Strategy, as required by the SHDF Wave 2.1 guidance.
- The lack of a Tenant Liaison Officer to manage engagement and communication with tenants.
- Lessons learnt throughout the process were not documented and shared.

For each of the above, a recommendation, management response and responsible officer were identified.

The internal auditor concluded their presentation by providing a sector update. During which they noted that there was to be sector wide changes to all procurement activity once the Procurement Act 2023 was implemented. This is likely to be an area of activity that will be included in the 2025/26 audit plan

Following the internal auditor's presentation, Members made the following comments:

- Whether SKDC were inspecting the work done by E.ON following their completion. The Director of Housing confirmed that SKDC do inspect all works prior to invoices being paid and an audit trail would be kept for this going forward.
- Whether March 2025 was an appropriate timeframe for improvement to be made on the areas of concern raised in the staffing capacity and capability review. The external officer confirmed that they believed this to be a reasonable timeframe.
- When the Homelessness Audit was to be presented. The external officer stated that the estimated timeframe was currently for the meeting scheduled to be held on 27 November.
- A Councillor sought confirmation that a Tenant Liaison Officer had not yet been appointed. The Director of Housing confirmed this but stated that it would be a priority given the new Band Three funding and how well a similar role had worked for the Earlsfield Project.
- Another Councillor requested clarity over the scope of the invoices that were being paid. The Councillor was under the impression that invoices had been raised for committed spending rather than actual spending. The Director of Housing confirmed that the invoices were being raised for actual spending.

Following the discussion, the Chairman confirmed that the report had been duly noted by the Committee.

33. Annual Health and Safety Report 2023/24

The Annual Health and Safety Report 2023/24 was presented by the Cabinet Member for Corporate Governance and Licensing.

Before proceeding the Cabinet Member praised the Emergency Planning and Health and Safety Lead for producing this detailed report and congratulated the officer on his contribution to the Council's response to the flood events that occurred earlier in the year.

The Annual Health and Safety Report 2023/24 summarised that SKDC's overall performance was 'strong with a good level of assurance that key areas have robust policies and procedures with risk mitigation in place.' Notable instances of this were passing an inspection into the use and storage of chemicals with no concerns raised and SKDC's swift response to emergencies as was aptly demonstrated during the instances of flooding.

Despite this, there were other noteworthy aspects of the report such as an increase in accident reports and near miss reporting.

Following the presentation by the Cabinet Member, Committee Members discussed the following:

- Clarity was sought regarding the current number of Fire Wardens and First Aiders. The Emergency Planning and Health and Safety Lead confirmed there to be 43 employees who were currently Fire Wardens and 12 First Aiders. These Fire Wardens were trained and qualified to serve for a period of three years. The officer confirmed this to be sufficient as they had deliberately over-recruited to compensate for the current hybrid/flexi working arrangements. That said, the officer reported that they would be continuing to recruit more.
- A Member asked for reassurance that efforts would be made to co-ordinate the presence of a Fire Warden when Committees were in session. The Member suggested training Democratic Service Officers for this given that their attendance was consistent. It was noted that this was already in place.
- In line with the attention given to Fire Safety wardens, a Member queried whether these individuals were trained to deal with bomb threats. The Emergency Planning and Health and Safety Lead responded that there was a separate procedure for this which is being updated to complement the opening of the new Customer Service Centre.
- The scope of SKDC's health and safety remit and liability was questioned in the context of homeworking. The Emergency Planning and Health and Safety Lead clarified that an accident by a staff member working at home was highly unlikely to be the responsibility of SKDC, however this would be reviewed on a case-by-case basis. However, the officer did acknowledge that SKDC did ask for details on

staff members homeworking stations to ensure that basic health and safety needs were met and to give advice and support where necessary.

- Given the significant increase in slips, trips, and falls reported, a Member queried whether there had indeed been an increase in these instances, or whether this had been due to an increase in reporting the instances. The Emergency Planning and Health and Safety Lead clarified that the likelihood was a combination of both and pointed out that 23 of these instances were members of the public or theatre performers of which there was no fault of SKDC.
- The Emergency Planning and Health and Safety Lead was asked by a Member to clarify what constitutes as being a genuine 'near miss' within the report. The officer explained that they are taken on a case-by-case basis and reviewed to logically follow the alleged sequence of events or consult any witnesses.
- A Member reiterated the praise towards the Emergency Planning and Health and Safety Lead for the detailed report and the progress made.

Following the discussion, as per the recommendation the Chairman confirmed that the Committee:

- 1. Noted the attached Health and Safety report for the period 2023/24.
- 2. Provided comments or feedback to assist with maintaining the effectiveness of the Council's health and safety arrangements.

34. Strategic Risk Register

The report was presented by the Cabinet Member for Corporate Governance and Licensing. The recommendation of the report was for the Committee to approve the updated and revised Strategic Risk Register.

The Cabinet Member explained that the Strategic Risk Register consisted of 15 strategic risks. The existing key controls of each strategic risk had been assessed for its effectiveness, ie, being effective, partially effective, or not effective. Of the 15 strategic risks, 11 had existing key controls that were classified as being effectively managed and four had some existing controls that were deemed partially effective.

To add context around the controls effectiveness workshop to develop the Strategic Risk Register, a Partner from RSM UK Risk Assurance Services LLP, who had facilitated the workshop, explained how the workshop had been run and that the 15 strategic risks correspond with the Council's corporate priorities.

One Member asked if there was a timeframe for the four strategic risks that included controls deemed partially effective. The Partner explained that the target would be by the end of the financial year 2024/25.

It was proposed, seconded and the Committee **APPROVED** the updated and revised Strategic Risk Register.

35. Treasury Management Activity Updates

The report was presented by the Leader of the Council, covering the following areas:

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

The Leader confirmed that no additional borrowing had been undertaken during the first quarter of 2024/25 and as of 30 June 2024, SKDC had short-term specified investments of £71.738 Million and £3 Million of non-specified investments. As part of the Treasury Management Strategy, the Prudential Code Indicators for the periods of 2024/25, 2025/26, and 2026/27 were approved by Council in February 2024. All investment activity by SKDC had been sustained within these indicator limits.

During discussions, Members commented on the following:

- The extent to which ethics were considered when investments were made. It was noted that SKDC's investments were made within the bounds of the Environment, Social, and Governance Arrangements (ESG) which was previously approved by Full Council and are incorporated into the Annual Treasury Management Strategy. Investments were made in accordance with the advice of treasury advisors.

Following the discussion, the Chairman confirmed that the report had been duly noted by the Committee.

36. Proposed amendment to the Council's Constitution - method of voting at public meetings

Before presenting the report, the Committee adjourned at 14:55 to allow the electronic voting system within the Council Chamber to be demonstrated to the Committee ahead of a proposal to consider reintroducing its use.

The Committee resumed at 15:03.

The Cabinet Member for Corporate Governance and Licensing presented the report outlining a proposed amendment to the current constitution with a view to allowing voting to be undertaken using the electronic voting system in the Council Chamber.

Following the above demonstration and introduction of the report, Members commented on the following:

- Whether any new system should allow for the public to see how the individual Members of the Committee vote on issues. The IT Manager confirmed that the system being proposed would show the collective votes on screen but not the individual breakdown of how each Member voted. Furthermore, the current system of Members raising their hands was usually not seen by those watching via the livestream as the camera was often on the Chairman during these exchanges.
- The Leader of the Council exclaimed that the proposed system would give definitive results, and the breakdown of an individual Member's vote could be published retrospectively.
- One Member suggested consideration of making all votes recorded.
- Were the proposed system to be implemented, it was noted that Members would have to be disciplined in remaining in the seating plan allocated at the start of the meeting as moving their seats could mean that they vote under the name of a different Member. Comment was also passed that steps needed to be taken to disable other empty seats from voting in the Chamber to prevent any Members from voting from additional seats to their own.
- A Member queried how long it would take to set up the new system in the Chamber for it to be used for each meeting. The IT Manager said that coordinating the seating plan to the Councillor was fairly quick, however, disabling desks would take longer.
- A Member queried whether this proposed voting system would only be used during Full Council or in all Committees. In light of this, the Leader of the Council suggested an amendment to the wording of the original amendment so it would apply to any meeting of 'the Council' rather than 'Full Council'. Therefore, the recommendation to Full Council should be that the relevant section of Council Procedure Rules should read, as follows:

"Unless otherwise provided by legislation or in these Council Procedure Rules, the vote on any motion or amendment proposed at any meeting of **the** Council shall be taken by means of a show of hands for, against and abstention **or by using the electronic voting system in the Council Chamber. The person presiding the meeting will determine the most appropriate means of facilitating votes**".

- The Leader of the Council also stated that the proposed voting system would allow for recorded votes to be held more efficiently. However, whilst wishing for transparency, he made the point that there were some circumstances whereby a secret ballot would be appropriate. These included the election of the Chairman of the Council, which should be on an apolitical basis, and sensitive or controversial issues whereby the way in which a Member casts their vote could result in threats to their personal safety. An example on the latter was a vote

held a few years ago in relation to fox hunting. A Member queried how it would be decided if an issue was particularly contentious. It was suggested that this responsibility would sit with the person presiding the meeting.

- Some Members expressed that they would be uncomfortable with giving greater power to the role of Chairman over political matters. They stated that under the current system Members could already speak to the Chairman should they feel uncomfortable about an issue.
- The Leader of the Council suggested trusting the judgement and integrity of the person that was presiding over the meeting to 'read the room.' This sentiment was backed by some Members in attendance.

It was proposed by a Member to incorporate the Leader of the Council's amendment to the original proposal and recommend this to Full Council. This proposal was seconded and the outcome of the vote was a tie. In using his casting vote, the Chairman voted in favour of the proposal and the recommendation to Full Council was **APPROVED**.

Following this approval, the Chairman raised the matter of the voting rights of Co-opted Members on the Governance and Audit Committee as outlined in Article 9 of the Council's Constitution. It was explained, due to the functions discharged by the Committee, that this was inconsistent with the Local Governance and Housing Act 1989 and that externally appointed Co-opted Members should not have voting rights. It was therefore proposed, seconded and **APPROVED**, that Full Council be recommended to correct this aspect of Article 9 of the Constitution and reflect that Co-opted Members on the Governance and Audit Committee do not have voting rights.

37. LeisureSK Limited - Board of Directors

The Cabinet Member for Corporate Governance and Licensing expressed his frustration at the process for approving his permanent appointment to the board of LeisureSK Limited. The Cabinet Member suggested that the decision should be the remit of the Chairman of LeisureSK Ltd. The Monitoring Officer confirmed that appointments of Directors to Council-owned companies fell within the Constitutional remit of the Governance and Audit Committee.

Councillor Philip Knowles, Cabinet Member for Corporate Governance and Licensing, declared an Other Registerable Interest in his capacity as a Director of LeisureSK Ltd and left the Council Chamber for this item.

The Leader of the Council expressed concern about discussing the suitability of individual Councillors and Officers in an open session. The Monitoring Officer agreed and recommended entering into a private session should Members wish to ask questions or pass comments on the matter.

The recommendations within the report, having been proposed and seconded were immediately put to the vote and the appointments, as set out in the report, were **AGREED**.

38. Local Government and Social Care Ombudsman - Annual Review Letter 2023-24

The report was presented by The Cabinet Member for Corporate Governance and Licensing.

The report outlined the Local Government and Social Care Ombudsman Annual Review Letter 2023-24. The recommendation of the report was to note the contents of the letter.

During this period, 19 complaints were received by the Ombudsman. Of these complaints three detailed investigations were undertaken and one complaint was subsequently upheld. However, the Ombudsman was satisfied that the Council had successfully implemented the recommendations regarding the upheld case. Overall, this level of upheld complaints equates to 0.7 per 100,000 residents.

During discussions, Members commented on the following:

- A Member sought clarity regarding the area in which the complaint was upheld. This was confirmed as being Planning Enforcement.
- A Member commented that the graph within the letter was misleading as it appeared that 33 complaints were upheld, which was not the case.

Following the discussion, the Chairman confirmed that the report had been duly noted by the Committee.

39. Work Programme 2024-25

The Deputy Chief Executive and s151 Officer referred to the Statement of Accounts item listed for the November meeting, stating that if they were not to be ready in time then it may be necessary to seek an additional meeting for this item. This will be kept under review.

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

The Chairman consulted the Committee regarding co-opting a member of the public onto the Committee as an external appointee. Article 9 of the Constitution, setting out the Governance and Audit Committee's terms of reference, confirmed that there was provision for such an appointment. The following comments were made as the matter was discussed:

- Clarity regarding the purpose. The Monitoring Officer reported that such appointments were considered good practice from the perspective of political independence, strengthening the committee's skillset and providing continuity outside of election cycles.
- Clarity regarding the length of term. The Monitoring Officer suggested this decision would lie with the Committee upon appointing the individual.
- A Member suggested identifying the skillset of the current Committee. Therefore, the gap in skills could be pursued within the recruitment process and resolved by the appointment.
- Clarity as to whether the individual would be remunerated for the post. The Monitoring Officer confirmed that an allowance was in place for the Standards Independent Persons as part of the Members' Allowances Scheme which would be allocated. He suggested that the Independent Remuneration Panel may wish to review this when it next reviews the Members' Allowances Scheme. The external officer from RSM UK Risk Assurance Services LLP explained that within his experience, having a Co-opted Committee Member has worked well at other local authorities.
- This was supported by comments from other external officers who recognised that having a Co-opted Member had been a recommendation of the Sir Tony Redmond Review, and 40% of Audit Committees in 2020 had Co-opted Members.
- The Leader of the Council queried whether the individual would need to be a qualified accountant. It was advised that this is not a requirement but was often the case, usually a former Chief Finance Officer.

ACTION - The Committee voted in favour of adding the matter to the Action Sheet for the following meeting scheduled to be held on 27 November 2024.

The Chairman closed the meeting at 16:02.