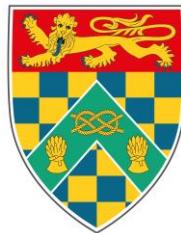


Meeting of the Governance and Audit Committee Minutes

Wednesday, 27 November 2024,
10.00 am



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Committee Members present

Councillor Tim Harrison (Chairman)
Councillor Helen Crawford (Vice-Chairman)
Councillor Bridget Ley
Councillor Peter Stephens
Councillor Paul Stokes
Councillor Mark Whittington
Councillor Sue Woolley

Cabinet Members

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
Alison Hall-Wright, Director of Housing and Projects
Carol Drury, Community Engagement & Manager
Tracey Elliott, Governance and Risk Officer
Charles James, Policy Officer
Sarah McQueen, Head of Service (Housing Options)
Hannah Rowe, Performance Analyst
Paul Sutton, Assistant Director of Finance/Deputy Section 151 Officer
Phil Swinton, Emergency Planning and Health & Safety Lead
Joshua Mann, Democratic Services Officer

41. Apologies for absence

An apology for absence was received from Councillor Charmaine Morgan.

42. Disclosure of interests

There were none.

43. Minutes of the meeting held on 24 September 2024

The minutes of the meeting held on 24 September were proposed, seconded and AGREED as an accurate record.

44. Updates from previous meeting

It was noted that the co-opted Member action agreed at the previous meeting would be included within the agenda.

45. Corporate Plan 2024-27 Key Performance Indicators: 2024/25 Mid-Year (Q2) Report

The Corporate Plan 2024-27 Key Performance Indicators: 2024/25 Mid-Year (Q2) Report was presented by the Cabinet Member for Corporate Governance and Licensing.

Appendix A presented the overall performance against the fourteen actions being presented in the session. Nine of the actions were rated Green (on or above target) and two were rated as Amber (off target by less than 10% or where milestone achievement was delayed but with resolution in place to be achieved within a reasonable timeframe). There were zero actions rated as Red (significantly below target). Three actions were rated as N/A where work had not yet meaningfully commenced.

During discussions, Members commented on the following:

- As Appendix A demonstrated that 90% of Councillors had completed their mandatory training at the time of the report's publication, it was queried what sanctions were in place for those Members that had failed to undertake the mandatory training. The Leader responded by expressing their disappointment that four Members were yet to complete their mandatory training and confirmed that they were unable to sit on any bodies or committees in the meantime. There were no further sanctions that could be undertaken. It was confirmed that Full Council was the exception and that a Member could not be prevented from attending and participating in this meeting as a consequence of not completing the mandatory training.
- It was queried whether the four Members who were yet to undertake the training had been notified directly. The Monitoring Officer confirmed that not only had the Members been notified directly, but both discussions with group leaders and extra training sessions had also been facilitated.
- The nature of the Councillor Development Strategy action within Appendix A was also queried. It was confirmed by the Monitoring Officer that the Councillor Development Strategy was an opportunity for self-reflection of Members to identify areas that they wished to develop within their role as a Councillor. For example, this could be a skill such as public speaking.
- It was queried who identified gaps in the skills of a Member. The Monitoring Officer confirmed that this would be a self-assessment of the Member in consultation with their group leader.

- A comment was made that a self-assessment may fail to be self-critical and therefore the strategy seemed to be a tick box exercise to work towards the accreditation. However, it was noted that the accreditation was gained for offering the service and whilst there may be some Members who fail to engage, the strategy could be a useful tool to support the growth and improvement of the Members that did engage.
- A Member queried if more external training opportunities provided by organisations such as the Local Government Association (LGA) or East Midlands Councils could be exploited. The Monitoring Officer agreed to take this away as an **ACTION**.
- It was queried whether there had been a new Complaints Administrator post, as implied by the report. The Director of Housing and Projects confirmed that this was an existing post but had been restructured so that the one individual was dealing with the workload that had previously been shared across their team.
- It was queried whether the Complaints Administrator position covered housing-related complaints. The Director of Housing and Projects confirmed that the position covers all complaints across the authority.

The report was noted by the Committee.

46. Safeguarding Annual Report 2024

The Safeguarding Annual Report 2024 was presented by the Leader of the Council.

The annual report attached at Appendix One provided details of the Council's safeguarding responsibilities. Details of the training and development provided to officers and elected Members was included along with information regarding the number of modules that had been completed during 2023/24. The report outlined the safeguarding interventions undertaken within the timeframe, including short case studies to provide a background to some of the interactions between residents and officers.

Section Five of the report provided details of the Lincolnshire Safeguarding Children Partnership Section 11 (Children Act 2004) Audit which the Council was required to complete in 2024. The Council passed the audit with 100% of the criteria being rated green.

The Annual report also encapsulated the following:

1. The responsibilities as a district council in relation to safeguarding and Prevent,
2. Training and development opportunities and outcomes for officers and elected Members,
3. Safeguarding Interactions,

4. The current position in relation to the Council's submission to the Lincolnshire Safeguarding Children Partnership Section 11 (Children Act 2004) Audit,
5. The updated safeguarding arrangements within South Kesteven District Council.

It was recognised that as a housing authority, most interactions with vulnerable people were carried out by housing colleagues so Sarah McQueen, Head of Housing Service, was appointed as the Council's Designated Safeguarding Lead. However, officers from other service areas, particularly Neighbourhoods, Environmental Health and other front-line colleagues also encountered and supported vulnerable people. For this reason, deputy responsibility for safeguarding was spread across the organisation with Carol Drury, Community Engagement Manager appointed as Prevent Lead and Deputy Safeguarding Lead and Kati Conway, Senior Neighbourhoods Officer appointed as Deputy Safeguarding Officer.

The report was noted by the Committee.

47. 2024-25 Quarter 2 Treasury Management Activity

The 2024-25 Quarter 2 Treasury Management Activity Report was presented by the Leader of the Council.

The Leader confirmed that no additional borrowing was required during the first half of 2024/25. At the time of the report's publication, all current outstanding Council borrowing was with the Public Works Loan Board (PWLB) and the average rate of interest paid on the debt portfolio was 2.49%. Appendix A showed loans outstanding as at 30 September 2024. Regular reviews were undertaken to consider redemption costs of natural maturity against new borrowing to settle the outstanding debt early.

As of 30 September 2024, the Council had short-term borrowing which was defined as borrowing due to be repaid within 365 days of £3.221m. This will be repaid in instalments of £1.611m on 28 March 2025 and 28 September 2025. The average annual rate of interest of these loan repayments was 3.03%.

The average size of the investment portfolio for the 6-month period was £82.853m compared to an average portfolio size of £76.440m during the same period in 2023/24.

As of 30 September 2024 the Council held short term investments of £80.61m (specified investments) and £3m (non-specified investments).

The key indicator affecting the Council's treasury management was the base rate, which fell from 5% in October to 4.75% in November. Link, the Council's

Treasury Management providers, were predicting a fall to 4.5% by the end of 2024/25.

Inflation also impacted both the base rate and the Council's budgets. CPI fell to 1.7% in September helping to trigger the fall in the base rate. The Government target for CPI remained at 2% at the time of the report's publication. Links forecasted for CPI to be 2.8% by the end of the year.

During discussions, Members commented on the following:

- A Member queried that it was their understanding that interest rates were likely to increase, and it was their view that there was potential for economic stagflation. The Member inquired as to the thoughts of the Officers. The Deputy Section 151 Officer confirmed that in their quarterly meetings, Link were predicting a drop in interest rates.
- The Leader confirmed their position that SKDC needed to hope for the best but prepare for the worst.

The report was noted by the Committee.

48. Internal Audit Progress Report

The Internal Audit Progress Report was presented by the representative from BDO. The report included audits of the following areas:

- Homelessness
- Income Generation
- Business Continuity and Disaster Recovery.

Homelessness

BDO concluded that the Council had a Moderate design of controls and Moderate effectiveness of controls for Temporary Accommodation Management.

The control design was Moderate because while the Council had established a system of internal controls, there were some areas requiring improvement. While BDO acknowledged some factors were influenced by national challenges, these specifically related to the following findings:

- The Housing Strategy 2020-2024 requires review and alignment of homelessness prevention initiatives to the Corporate Plan 2024-2027

Similarly, the control effectiveness was Moderate as while there were areas of non-compliance, some challenges aligned with national trends. This opinion was principally driven by the following medium and low findings:

- Extended stays in temporary accommodation potentially impacting stability, mental health and wellbeing of families and children though

- often involving complex cases requiring specific requirements and multi-agency support.
- Need to update the procedure documents in line with the system update as well as the need to have a formalised approach for temporary accommodation provision.

During discussions about the Homelessness aspect of the audit, Members commented on the following:

- Satisfaction that funding had been increased in the national Autumn budget for implementing homelessness services.
- Assurance was sought that multi-partner working arrangements with other services in Lincolnshire was not duplicating work. The Housing Options Manager confirmed that careful co-ordination had ensured that the multi-agency Lincolnshire Homelessness Strategy complimented SKDC's Homelessness Strategy. Attention was also drawn to the operational nature of the Change4Lincs initiative which covered several local authorities in Lincolnshire.
- It was queried whether SKDC were engaging with other organisations in Grantham that were supporting individuals facing Homelessness. The Housing Options Manager confirmed this to be the case with quarterly meetings of the Homelessness Forum allowing for dialogue between SKDC and local organisations.
- The Leader of the Council recognised the positive progress made by SKDC's Homelessness services.

Income Generation

BDO concluded that SKDC had a Substantial design of controls and Moderate effectiveness of controls for Income Generation.

The Control design was Substantial because SKDC had established comprehensive systems of internal controls and processes for managing income generation to achieve objectives. While some documentation updates would have been beneficial, core controls were in place including:

- Multiple marketing channels with demonstrated reach and engagement
- Established grant funding processes with successful outcomes
- Strong analytical capabilities of Marketing reach through platforms like Onclusive.

The control effectiveness was Moderate as there were some areas where implementation could be strengthened. This primarily relates to:

- Variation in cost analysis in fees setting processes across services with some services
- Lacking documented rationale to support price changes.

- Potential to enhance revenue generation from existing marketing channels
- Opportunity to formalise grant funding practices.

During discussions about the Income Recovery aspect of the audit, Members commented on the following:

- Whether Officers had been trained in the fee setting process. The Section 151 Officer confirmed that the fees were set by either the heads of service or their superiors who possessed the necessary competence required. A Member requested further clarity about this as the report had implied that training and guidance was required for all staff. Upon reflection, BDO acknowledged the Section 151 Officer's response to be in the intended spirit of their comment.
- It was the belief of a Member that SKDC should be clearer as to where subsidies were being spent, particularly for residents in rural areas who are more isolated from the urban investments. It was suggested that this can be fed into the 2025 review.

Business Continuity and Disaster Recovery.

BDO raised three medium priority recommendations and one low priority recommendations to improve the Council's control arrangements for business continuity and disaster recovery.

BDO concluded moderate assurance for the design of the controls as there was a sound system of internal control designed to achieve system objectives with a few exceptions. This could be seen in the lack of fully defined BCPs, however BDO noted that SKDC were in the process of revising how it conducted business continuity which was expected to conclude in January 2025.

BDO concluded moderate assurance for the effectiveness of the controls as some exceptions were identified during the review. This could be seen with the service area plans not being subject to testing at the time of the review in addition to the lack of consideration in eight of the BIAs for whether BCPs were accounted for with third party service providers.

During discussions about the Business Continuity and Disaster Recovery aspect of the audit, Members commented on the following:

- Whether Parish Council's were encouraged to have Category Two Disaster Recovery Plan's in place. It was confirmed that Parish Council's were not recorded as Category One or Two respondents.
- It was noted that a disaster recovery test had been undertaken in the week prior to the meeting with IT services dropping out. The response demonstrated the resilience of services, and the Emergency Planning

and Health & Safety Lead pledged to continue tests for different service areas.

The Internal Audit Progress Report was noted.

49. Internal Audit Follow Up Report

The Internal Audit Follow Up Report was presented by the representative from BDO.

The report confirmed that all of the 2023/24 responsive repairs recommendations were complete or in progress with no recommendations overdue. At the time of the reports publication, eight of the recommendations had been completed (two high and six medium), leaving two recommendations still in progress.

BDO praised this success rate of 80% completion and noted that it was higher than the average across the sector.

BDO also noted that they would continue to follow up on the two outstanding recommendations until completion.

The Committee noted the Internal Audit Follow Up Report.

50. Work Programme 2024-25

It was confirmed that the meeting of the Governance and Audit Committee scheduled for December 19th was to be rescheduled for the week commencing February 10th 2025.

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

There was none.

52. Co-opted Member

It was proposed, seconded and AGREED to exclude the press and public during the discussion of this agenda item because of the likelihood that information that is exempt under paragraph 1 of Schedule 12A of the Local Government Act 1972 (as amended) was to be disclosed as the information relates to personal information about candidates.

Following discussions, the Committee voted to accept the recommendation of the Employment Committee and appoint the candidate to serve as an externally co-opted Member of the Governance and Audit Committee. This was agreed on an initial term of one-year following review.