

**AUDIT & ACCOUNTS COMMITTEE**  
**6 FEBRUARY 2018**

**REVIEW OF SIGNIFICANT GOVERNANCE ISSUES IN THE ANNUAL GOVERNANCE STATEMENT**

**1.0 Purpose of Report**

- 1.1 To update members of the Audit & Accounts Committee on the significant governance issues identified in the Annual Governance Statement.

**2.0 Background Information**

- 2.1 At the meeting of the Audit & Accounts Committee on 25 July 2018, Members approved the Annual Governance Statement for the Council, with forms part of the Council's Statement of Accounts. To ensure that Members are able to undertake their assurance role, this report updates the Committee on the status of the significant governance issues identified within it.
- 2.2 An extract from the Annual Governance Statement showing the issues identified is attached at Appendix A.

**3.0 Results of the Review**

- 3.1 The issues identified are considered separately below with details of any further work undertaken.
- 3.2 Organisational Change – The updated MTFP will be presented to Policy and Finance Committee on 21<sup>st</sup> February 2019 which looks at the 4 year period from 2019/20 to 2022/23. This MTFP removes all elements of central government funding through Revenue Support Grant.

Through the Management Restructure a Commercialisation and Major Projects Business Unit has been created to maximise commercialisation potential, attracts new income streams into the Council, maximises current income streams and makes more efficient use of existing resources. A financial tracking process is in place to ensure that forecast income is matched to actual income as implementation reaps the rewards of the project over a number of years.

- 3.4 Community and Activity Village – Phase 1 of the YMCA Community and Activity Village was successfully completed in November 2018. The YMCA is currently on track to commence the Phase 2 works in autumn 2019 with the construction of the main village building and its immediate surrounds. The Council's Policy and Finance Committee agreed in January 2018 to 'pass-port' S106 monies held by the Authority to the YMCA, to be paid in 2 instalments – on completion of ground works in relation to the changing facilities and on practical completion of the hub building.

The District Council is also in the process of marketing an area of Land at Elm Avenue for sale for residential purposes (originally transferred to it by NCC for a nominal £1 consideration) on the basis that the District Council will be entitled to deduct its costs in securing the necessary planning consent and in marketing the site and any proceeds of sale

after those deductions will be shared on a 50:50 basis between the District and County Councils but with an obligation that any net profit accruing to the District Council will be applied towards enhancing the sports facilities at YMCA Community and Activity Village and in particular being applied towards the provision of a stadium pitch. No further commitment of funding has been made by the District Council to assist the YMCA, other than the S106 funding and 50% of the net proceeds from the sale of the land at Elm Ave.

3.5 Development Company – The Company, Arkwood Developments Ltd was incorporated on 25 May 2018. There have been several board meetings since this date and Council Shareholder Committee meetings to oversee the activity of the Company. The Company is currently working on its Business Plan and a Business case for its first development site on land at Bowbridge Road. Once prepared these will be submitted to the Council, via the Shareholder Committee for scrutiny and approval. If approved, recommendations will be made to Policy and Finance Committee to consider the release of equity and loans to the Company. There are robust governance arrangements in place to oversee and monitor the Company's activities.

3.6 Estate Regeneration Programme – A report was issued to Policy & Finance, which provided background to the regeneration proposals and activities undertaken over the last year to draw up an outline planning application. The Committee gave approval to submit the outline planning application, which was submitted early December and the current intention is that this will be considered by Planning Committee at its meeting in March 2019.

The work of Campbell Tickell has now been extended until the end of March 2019, to support the Council in drawing up a refresh project plan and risk matrix to take the proposal forward to its delivery stage. Work continues with Homes England over securing gap funding, along with securing developer interest.

3.7 Business Continuity Arrangements - Business Managers and their deputies have received training on the risks, existing plans, and their responsibilities to review and refresh departmental business continuity plans. During the workshops they considered a number of scenarios to further develop their understanding and problem solving. Business Managers will be invited to a further workshop to focus upon the IT, Building Assets and Communication sections of their departmental plans. A table top exercise will be held during February 2019 focusing upon the organisational response to a potential loss of power at Castle House.

3.8 Compliance with Financial Regulations re authorisation of goods, works and services – The S151 Officer sent an email during April 2018 to all Senior Managers, Business Managers and Budget holders reminding them of the procedure for raising orders for goods, works and services.

A subsequent review during January 2019 has seen that the percentage has increased to 58.79%. A further communication will be sent round to all officers responsible for authorising orders to remind them of their responsibilities. Should this prove ineffective

then a report will be brought to this Committee to inform members of those officers who do not comply with these regulations.

3.9 Counter-Fraud Arrangements – Assurance Lincolnshire were appointed in 2016 to assist the Council with proactive Counter-Fraud arrangements and have undertaken a refresh of the Fraud Risk Register in February 2018. This work has again been completed during January 2019 which will be reported to this Committee in April. The session had a more pro-active agenda to look for practical ways to continue to detect suspected fraud.

#### **4.0 RECOMMENDATION**

That the Committee notes the results of the review of significant governance issues as identified in the Annual Governance Statement.

#### **Background Papers**

Annual Governance Statement for 2017/18

For further information please contact Nick Wilson, Business Manager– Financial Services on Ext: 5317

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