

4 March 2020**Agenda Item: 7****REPORT OF THE SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE
AND IMPROVEMENT****OBJECTION TO THE ACCOUNTS****Purpose of the Report**

1. To inform the Governance and Ethics Committee of the results of the external audit investigation into an objection to the accounts for the year ended 31 March 2016.

Background

2. The objection relates to the sale of County Council land at Sutton-cum-Lound in March 2016. The land was sold by informal tender / private treaty and there were a number of issues relating to overage calculations, escalating and late bids. Full details are set out in the decision letter from KPMG, Appendix A.
3. There were 2 bidders for the land and the objection was submitted by the unsuccessful bidder.
4. The sale process has also been subject to a corporate complaint to NCC, a complaint to the Local Government Ombudsman and a complaint to Nottinghamshire Police. All of these reviews concluded that, whilst there were issues with the process followed, the sale should not be overturned.

Decision

5. The full decision letter from KPMG is attached to this report Appendix A.
6. The objector requested that the auditors make an application to the courts to declare an item of account is contrary to law and / or for the auditors to issue a public interest report.
7. The decision as set out on page 2 of the attached letter is that KPMG have declined to make an application to the courts and have declined to issue a public interest report.
8. The auditor's letter provides a number of recommendations for the lessons of this case to be learned in terms of the proper handling of sales into the future. Property Services is progressing through a transformation programme the progress of which has been reported through Policy Committee with the latest report having been provided to that committees

meeting on 16th October 2019. This programme of activities has led to significant change in the function with a new fit for purpose staffing structure being introduced on 1st July 2019. In addition, the transformation programme has introduced new processes and procedures, notably new operational processes with Legal Services, and governance for strategic thinking across the property asset estate.

9. One of the weaknesses expressed has been the temporary nature of staffing in the service with reliance on contract workers. It is to be noted that in August 2019 a permanent Group Manager Property Asset Management was taken on to provide stable leadership of the service following a period of temporary occupants of the post and since the turn of the year a further two experienced chartered surveyors have been appointed on permanent contracts thereby negating the need for temporary staff in the Estates Practice section. The correct handover of cases is to be included in the developing induction pack for new starters within Property.
10. A review of the Council's Constitution relating to Land and Property Financial Regulations is to take place to enable the lessons of this case to be embedded in a modernised governance document with a particular focus on circumstances where tenders are received by agents and not the Council directly, the recording of tenders and the clarity of any varying factors and their analysis.
11. Officers are also mindful of the need for the proper file recording of advice received and actions taken during the progression of cases and the continued development of the P2 asset management system will continue to be an enabler for this. The second phase of the transformation programme also includes an improved case management system to give greater control over the progression of cases, very much ensuring the lessons from this case are embedded in every day process.
12. It should be noted that the ongoing objection and investigation has meant that the Statutory Accounts for 2015/16, 2016/17 2017/18 and 2018/19 could not be formally signed off. The conclusion of the investigation means this can now take place.

Financial Implications

13. The cost of the investigation undertaken by KPMG is £55,000. In addition, there are external legal costs incurred by KPMG of £9,500. Provision has been made in previous years of £45,000. The balance will be funded in 2019/20. The Council has also incurred considerable internal staff time in dealing with the various complaints and investigations, but this has not been costed.

Statutory and Policy Implications

14. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATIONS

15. That

- a) The contents of the KPMG letter are commented upon.
- b) Committee identify any further information they require in respect of this issue.

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For any enquiries about this report please contact:

Nigel Stevenson
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Constitutional Comments (SS 13/02/2020)

16. The proposals in this report are within the remit of the Governance and Ethics Committee.

Financial Comments (KRP 13/02/2020)

17. As noted in the report the external costs in respect of the KPMG investigation are £64,500.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Electoral Division(s) and Member(s) Affected

All