Meeting of the Governance and Audit Committee

Thursday, 23 July 2026, 2.00 pm

SOUTH KESTEVEN DISTRICT COUNCIL

Committee Members present

Councillor Paul Wood (Chairman)
Councillor Vanessa Smith (Vice-Chairman)
Councillor Phil Dilks
Councillor Tim Harrison
Councillor Peter Stephens
Councillor Mark Whittington
Councillor Elvis Stooke
Alan Bowling

Cabinet Members present

Councillor Ashley Baxter
Councillor Bridget Ley
Councillor Philip Knowles

Officers

Richard Wyles, Deputy Chief Executive and Section 151 Officer
Tracey Elliott, Governance and Risk Officer
Joshua Mann, Democratic Services Officer
Matt Humphrey, RSM

17. Apologies for absence

Apologies for absence were received from Councillors Rhea Rayside, Paul Stokes, and Sue Woolley.

Councillor Elvis Stooke substituted for Councillor Paul Stokes.

18. Disclosure of interests

No interests were disclosed.

19. Minutes of the meeting held on 25 June 2026

The minutes of the meeting held on 25 June 2026 were proposed, seconded and AGREED as an accurate record.

20. General Fund Provisional Outturn Report 2025/26

The General Fund Provisional Outturn Report 2025/26 was introduced by the Cabinet Member for Finance.

This report was the final report for 2025/26 and represented a summary of the outturn compared to the approved budgets.

Table One outlined an outturn variance of 10.4%, with significant areas of variance being:
- Fuel, £266,000
- Utilities, £482,000
- Salaries, £58,000
- Investment Income, £523,000

As part of the outturn process a number of carry forwards were taken into 2026/27 to support ongoing projects and support potential budget pressures that had been identified. These total £929,000 split across corporate underspends (£231,000) and Grants received in year (£698,000), with Appendix B of the report providing a breakdown of these for information.

In addition to the recommendations within the report, the Cabinet Member proposed an additional recommendation to endorse the proposed reserve movements in table 3 of the report in readiness for presentation to Governance and Audit Committee with an additional reserve of £200,000 to be called the Local Government Reorganisation (LGR) Reserve.

During discussions, the following comments were made:

- A member noted that excellent financial management had ensured that SKDC was in a good position.
- It was questioned whether £200,000 would be sufficient for the LGR reserve. The Section 151 Officer noted that more would inevitably be required to prepare for and oversee the transition to the new authority, however, the decision to grant more funds would be a Council decision. It was suggested that a more accurate indication of the financial requirements would be known in the coming weeks.
- The Leader noted that central government was providing a flat-£900,000 contribution to each new authority proposed in Lincolnshire, regardless of size or scale.
- It was confirmed that there had been a decrease in spending on health and safety as some of this spending had been categorised under the Housing Revenue Account.

Following discussions, it was proposed, seconded, and AGREED to:

1. Approve the provisional General Fund Revenue and Capital Outturn position including the supporting appendices for the financial year 2025/26.

2. Note the revenue and capital budget carry forwards in Appendix B and C.
3. Endorse the proposed reserve movements in table 3 of the report in readiness for presentation to Governance and Audit Committee with an additional reserve of £200,000 to be called the Local Government Reorganisation (LGR) Reserve.

21. Housing Revenue Account Provisional Outturn Report 2025/26

The Housing Revenue Account Provisional Outturn Report 2025/26 was introduced by the Cabinet Member for Finance.

The report provided Governance and Audit Committee with detail of the Council's provisional outturn position for the financial year 2025/26. Throughout the year, Cabinet and the Finance and Economic Overview and Scrutiny Committee were provided with regular and comprehensive budget monitoring reports that enabled members to be kept updated. The budget was set in the context of providing further investment in key service areas whilst being mindful of the need to maintain a sustainable 30-year financial business plan.

During the course of the financial year, the HRA budgets continued to focus on:

- Meeting the housing needs of tenants.
- Facilitating the delivery of new housing across a range of tenures.
- Enabling those whose independence may be at risk to access housing (including their current home) that meets their needs.
- Supporting investment in homes for affordable warmth for our tenants.
- Meeting compliance requirements and ensuring resources are allocated appropriately.

Members will be aware the HRA faced financial challenges during the year specifically the repairs and maintenance budgets which required an additional £2.7m revenue budget increase in-year.

The HRA encountered and continues to face financial challenges caused by a combination of:

- Changes to legislation;
- Increasing landlord responsibilities;
- Improving a range of local performance targets including backlog repairs, repair times, and void times.

During discussions, the following comments were made:

- A member credited the administration for their focus on the HRA position and urged the administration to continue to protect tenants in the face of LGR.

- It was queried how the outturn would impact the sustainability of the HRA fund. The Section 151 Officer confirmed that there had been an adverse impact to the HRA budgeted surplus which had reduced by £554,000 during the year.
- Despite this, it was suggested that SKDC was in a strong position given the repair improvements made to the housing stock.
- Credit was given to the finance team for the positive improvements in the authority's debt management position.

Following discussions, it was proposed, seconded, and AGREED to:
1. Approve the provisional Housing Revenue Account Revenue and Capital Outturn position and the supporting appendices for the financial year 2025/26.
2. Note the revenue and capital budget carry forwards in sections 3.5 and 4.8 respectively.

22. Treasury Management Annual Report 2025/26

The Treasury Management Annual Report 2025/26 was introduced by the Cabinet Member for Finance.

The report was produced as required under the Local Government Act 2003 and associated regulations.

Governance and Audit Committee had delegated powers to deal with matters relating to the Council's treasury management activities. Specifically, it had the responsibility to monitor, review, and amend as appropriate the Council approved Treasury Management Strategy during the financial year. During the year no further changes were made.

A summary of the Council's treasury position as of 31 March 2026 was included in the table under 3.7 of the report.

The report was commended by a member.

The Section 151 Officer noted that the treasury management approach throughout the previous year had been to use internal balances to fund capital schemes rather than source external borrowing.

It was proposed, seconded and AGREED to approve the Annual Report on Treasury Management Activity for 2025/26.

23. Treasury Management Report Quarter 1 2026/27

The Treasury Management Report Quarter One 2026/27 was introduced by the Cabinet Member for Finance.

In accordance with the requirements under the Local Government Act 2003, the report provided a review of treasury management activity for the quarterly period ended 30 June 2026 and reviewed current developments. The following elements were covered by the report:

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

During discussions, the following comments were made:

- A member flagged that challenges would arise during LGR when constituent authorities merged balance sheets with different maturities and liabilities.

The Treasury Management Report Quarter One 2026/27 was noted by the committee.

24. Strategic Risk Register

The Strategic Risk Register was introduced by the Cabinet Member for Corporate Governance & Licensing.

The Council kept under review the Strategic Risk Register including the risks, causes and effects, controls, scoring, risk appetite and further actions. In doing so, the Council used various sources including compare and contrast with other council's risks, the RSM Emerging Risk Radar (amongst other reports/publications) and the cumulative knowledge and experience of officers, as well as RSM whom have facilitated the strategic risk register review.

The current Draft Strategic Risk Register was included within Appendix A of the report. There were 12 strategic risks, as compared with 11 previously reported, as a new risk Artificial Intelligence (AI) Governance Lag was added (rated 'very high').

The risk scoring for the previous 11 reported remained unchanged from when the Strategic Risk Register was last reported.

During discussions, the following comments were made:

- The representative from RSM confirmed that the authority's reserves would be dented if any of the serious risks were to materialise and suggested identifying strategic transition risks prior to LGR implementation.
- It was suggested that not all risks ranked as 'red' should sound alarm bells. The key consideration was management and mitigation of the risks.

- Some members urged reconsideration of the previous decision to remove climate change from the risk register. It was noted that this had previously been removed due to the limited impact on the resilience of operational services.
- The Section 151 Officer suggested adding staff retention to risk number four – 'Unable to maintain and build sufficient staffing capacity and capability.'

Following discussions, it was proposed, seconded, and AGREED to approve the updated risk register.

25. Risk Management Annual Report 2025/26

The Risk Management Annual Report 2025/26 was introduced by the Cabinet Member for Corporate Governance and Licensing.

The Strategic Risk Register was subject to regular review with Corporate Management Team, facilitated by RSM UK Consulting, and was reported to the Governance & Audit Committee throughout the year.

Heads of Service/Managers, as part of the completion of their service plans, were asked to identify their current service risks. These were reviewed to identify if there were any trends or if further consideration was needed in respect of any risks that may need to be included in the Strategic Risk Register if appropriate.

Additionally, officers of the Senior Team produced an Annual Assurance Statement for 2025/26 which assessed the effectiveness of the key control environment within their areas of responsibility. The overall assurance level revealed that managers 'Fully Agreed' with 87% of the statements on assurance with the remainder being 10% 'Partially Agreed'; 1% 'Not Agreed' and 2% 'Don't Know'. Themes for improvement were identified for Governance, Health and Safety, and Business Continuity. The responses were reported to Statutory Officers Group for review.

Governance and Audit Committee received risk management training as part of their annual refresher training for this committee.

It was proposed, seconded, and AGREED to approve the Risk Management Annual Report 2025/26.

26. Work Programme 2026 - 2027

The Work Programme 2026-27 was noted by the committee.

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

The Chairman reminded members of the informal Working Group taking place the following day.

The meeting concluded at 15.20.