

# Governance and Audit Committee



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL

Wednesday, 23 July 2025 at 2.00 pm  
Council Chamber - Council Offices, St. Peter's Hill,  
Grantham. NG31 6PZ

**Committee** Councillor Tim Harrison (Chairman)  
**Members:** Councillor Paul Wood (Vice-Chairman)

Councillor Robert Leadenhams, Councillor Bridget Ley, Councillor Rhea Raysia, Councillor Rob Shorrock, Councillor Paul Stokes, Councillor Mark Whittington and Councillor Sue Woolley

## Agenda

This meeting can be watched as a live stream, or at a later date, [via the SKDC Public-I Channel](#)

1. **Apologies for absence**
2. **Disclosure of interests**  
Members are asked to disclose any interests in matters for consideration at the meeting.
3. **Minutes of the meeting held on 18 June 2025** (Pages 3 - 9)
4. **Internal Audit Progress Report** (Pages 11 - 22)
5. **Contract Procedure Rules Update** (Pages 23 - 66)  
This report provides details of the proposed updates to the Council's Contract Procedure Rules
6. **General Fund Provisional Outturn** (Pages 67 - 85)  
This report provides the Governance and Audit Committee with the details of the General Fund provisional outturn position for the financial year 2024/25. The report covering the revenue budget, Capital Programmes and Reserves overview.

Published and dispatched by [democracy@southkesteven.gov.uk](mailto:democracy@southkesteven.gov.uk) on Tuesday, 15 July 2025.

01476 406080

**Karen Bradford, Chief Executive**  
[www.southkesteven.gov.uk](http://www.southkesteven.gov.uk)

7. **Housing Revenue Account Provisional Outturn Report 2024/25** (Pages 87 - 98)  
This report provides the Governance and Audit Committee with the details of the Housing Revenue Account (HRA) outturn position for the financial year 2024/25. The report covers the Revenue Budget, Capital Programmes and Reserves overview

8. **Draft Annual Governance Statement 2024/25** (Pages 99 - 118)  
To provide Governance and Audit Committee an opportunity to review the Draft Annual Governance Statement 2024/25 ahead of its inclusion within the Statement of Accounts.

9. **Treasury Management Annual Report 2024/25** (Pages 119 - 130)

10. **Treasury Management Report Quarter 1 2025/26** (Pages 131 - 138)  
The Quarter 1 Report is a requirement of the Council's reporting procedures and provides a summary of the treasury activities to the end of December 2024. The report also covers the actual position to date on the Prudential Indicators in accordance with the Prudential Code).  
The report meets the requirements of both the CIPFA Code of Practice on Treasury Management 2021 and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.

11. **Fraud Prevention and Whistleblowing Annual Report 2024/25** (Pages 139 - 147)  
Annual report of whistleblowing arrangements in place and action taken as a result of whistleblowing disclosures

12. **Work Programme 2025 - 2026** (Pages 149 - 152)  
To consider the Committee's Work Programme for 2025 – 2026.

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

## Meeting of the Governance and Audit Committee

Wednesday, 18 June 2025, 10.00  
am



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL

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Committee Members present	Cabinet Members present
Councillor Tim Harrison (Chairman)	Councillor Ashley Baxter
Councillor Paul Wood (Vice-Chairman)	Councillor Philip Knowles
Councillor Robert Leadenhurst	
Councillor Rhea Rayside	
Councillor Paul Stokes	
Councillor Mark Whittington	
Alan Bowling, Co-opted Member	
Other Members Present	
	Councillor Matthew Bailey
	Councillor Peter Stephens

### Officers

Richard Wyles, Deputy Chief Executive and Section 151 Officer  
David Scott, Assistant Director of Finance and Deputy Section 151 Officer  
Karen Whitfield, Assistant Director – Leisure, Culture and Place  
James Welbourn, Democratic Services Manager  
Alison Hall-Wright, Director of Housing and Projects (Deputy Monitoring Officer)  
Joshua Mann, Democratic Services Officer  
Gary Andrew, IT Services Manager  
Serena Brown, Sustainability and Climate Change Manager  
Tracey Elliott, Governance and Risk Officer  
Niall Jackson, Data and Information Governance Officer  
Gurpreet Dulay, Internal Auditor  
Salma Younis, External Audit

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#### 1. Apologies for absence

Apologies for absence were received from Councillors Bridget Ley and Sue Woolley.

#### 2. Disclosure of interests

No interests were disclosed.

### **3. Minutes of the meeting held on 19 March 2025**

The minutes of the meeting held on 19 March 2025 were proposed, seconded and agreed as an accurate record.

### **4. Updates from previous meeting**

The Chairman queried the accuracy of the response given to minute number 78 of the Action Sheet. It was requested for officers to revisit this and clarify the information.

Regarding minute number 82, the Deputy Chief Executive confirmed that the matter would be brought to the Governance and Audit Committee, likely in September, subject to the Work Programme.

### **5. External Audit Plan**

The External Audit Plan & Strategy for the year ended 31 March 2025 was presented by the External Auditor.

The external auditor outlined the audit risks and identified planned responses of the following areas:

- Valuation of land and buildings
- Valuation of investment property
- Management override of controls (a)
- Valuation of post-retirement benefit obligations
- Adoption of IFRS 16

The Value for Money statement also outlined that no significant risks had been identified within the following areas:

- Financial Sustainability
- Governance
- Improving economy, efficiency and effectiveness.

During discussions, Members commented on the following:

- The request was made for a glossary of abbreviations to be added to the reports. This was agreed by the external auditor.
- Clarity was requested regarding the Council Materiality and how the figure of 2% forecast council expenditure was reached. It was confirmed that 2% was standard for local authorities and can generally range anywhere from 0-3% depending on the organisation.
- A subsequent question was asked if that 2% was representative of other district councils which the external auditor confirmed it was.
- It was confirmed that cyber security was a consideration within the audit but had not been identified as a significant risk as no material

- misstatement within the statement of accounts had been identified relating to cyber.
- It was clarified that the planned responses outlined within the report were suggested by the external auditor, rather than South Kesteven District Council (SKDC).

The External Audit Plan & Strategy for the year ended 31 March 2025 was noted by the Committee.

## 6. Internal Audit Progress Report

The Internal Audit Progress Report was presented by the internal auditor.

The audit completed the outstanding review from the 2024/25 audit plan – the Data Protection and Freedom of Information (FOI) compliance audit. For this both the control design and the control effectiveness were adjudicated as being moderate. For this, the report outlined the background, areas reviewed, areas of strength and areas of concern. Recommendations and management responses were submitted for each area of concern.

The internal auditor highlighted SKDC's overarching record of processing activities (RoPA) as lacking sufficient detail to allow for accurate oversight of data processing activities. They recognisid significant progress has been made and that the assurance rating was a reflection of the journey the council had been on and based on the implementation date management set for 31 January 2026.

As part of the 2025/26 Internal Audit Plan, the report also outlined the conclusion of the internal auditor's review of SKDC's Climate Plan. The design opinion of SKDC's Climate Plan was adjudicated as substantial whilst the design effectiveness was moderate. Areas of strength identified included robust strategic and operational feedback, positive partnership working locally, and the use of the Council's Climate Reserve Fund. Areas of concern identified included the lack of progress regarding carbon emission reduction of the fleet management from the initial baseline. An implementation date for the management response was set for 30 November 2025.

During discussions, Members commented on the following:

- Whilst SKDC achieved a 100% compliance rate to the Subject Access Requests (SARs) in the case study used the auditor, it was queried whether the responses themselves were satisfactory, as well as timely. The auditor responded that this could not be fully determined it responses would differ case-by-case, however, confirmed that SKDC was compliant within the auditor's sample used.

The Internal Audit Progress Report was noted by the Committee.

## 7. Internal Audit Annual Report 2024-25

The Internal Audit Annual Report 2024-25 was presented by the internal auditor.

The report outlined a moderate assurance that there was a sound system of internal controls, applied consistently across various services. A more micro analysis outlined the following categorisations of SKDC's practices:

### Opinion

	Substantial	Moderate	Limited	Total
Design	2	5	0	7
Control				
Operational	1	6	0	7
Effectiveness				

### Number of Recommendations

Low	Medium	High	Total
10	18	0	28

During discussions, Members commented on the following:

- Regarding the staffing capacity and capability element of the review, it was queried whether Local Government Reorganisation (LGR) would impact staff retention and succession planning in the meantime. The auditor highlighted that the staffing capacity and capability element of the review was conducted prior to LGR being announced. Anecdotally the Deputy Chief Executive noted that LGR had not yet had a detrimental impact on recruitment.
- Clarification was sought regarding the Social Housing Decarbonisation Fund element of the review, particularly regarding the finding that the auditor had found an insufficient audit trail for some work completed by E.ON. The Director of Housing confirmed that this had been an issue at E.ON's end which had since been resolved.
- It was queried what further action needed to be taken for SKDC to be credited with an overall substantial assurance of the system of internal controls, applied consistently. The auditor confirmed that the classifications were not scientific and given this was the auditor's first year of working with SKDC then the auditor was also building confidence in SKDC over time.

The Internal Audit Annual Report 2024-25 was noted by the Committee.

## **8. Corporate Plan 2024-27: Key Performance Indicators Report - End-Year (Q4) 2024/25**

The Corporate Plan 2024-27: Key Performance Indicators Report - End-Year (Q4) 2024/25 was presented by the Cabinet Member for Corporate Governance and Licensing.

The report outlined the overall performance graded using a RAG system, provided with commentary from the officer responsible.

Three of the actions were rated Green. These were actions which were on, or above target as planned.

Zero actions were rated as Amber, these were those off target by less than 10% or where milestone achievement was delayed but with resolution in place to be achieved within a reasonable timeframe.

Zero actions were rated as Red. These were actions that were significantly below target.

Zero actions were rated as N/A. These were actions for which work has not yet meaningfully commenced e.g. being sequenced on the completion of other items, or where data was unavailable.

Across the three action areas outlined, there were only two instances where the quarter 4 status was below target. These were relating to the percentage of Councillors attending mandatory training (which missed the target by 0.9%) and the percentage of Councillors with personal development plans.

The Chairman reflected that Democratic Services were monitoring that Members were completing their mandatory training and were unable to vote on Committee meetings without the relevant training being completed.

During discussions, Members commented on the following:

- The request was made for more numerical figures to further contextualise performance be included within the report.

The Corporate Plan 2024-27: Key Performance Indicators Report - End-Year (Q4) 2024/25 was noted by the Committee.

## **9. Progress Update on Fair Tax Declaration**

The Progress Update on Fair Tax Declaration was presented by the Leader of the Council.

Appendix A of the report outlined that SKDC was meeting the obligations agreed to by the motion passed at the 23 November 2023 Full Council Meeting. In summary, the Council had taken the following actions:

- Led by example to demonstrate good tax conduct
- Completed a VAT self-assessment check with external advisors in July 2024
- Undertaken a compliance check with HMRC
- Specific IR35 training for relevant Officers
- Purchased an IR35 e-learning licence to support ongoing awareness
- Continued to avoid the use of offshore vehicles for purchasing land or property
- Ensured companies that have committed tax offences have not been permitted to bid for Council work
- Supported and promoted Fair Tax week 2025 which ran from 8th – 15th June 2025.

The Progress Update on Fair Tax Declaration was noted by the Committee.

## **10. Appointment of a Non-Executive Director for LeisureSK Ltd**

*Prior to the commencement of the item, Councillor Philip Knowles and the Assistant Director of Finance, David Scott, left the Chamber.*

The Appointment of a Non-Executive Director for LeisureSK Ltd report was presented by the Deputy Leader of the Council.

The report recommended Mr David Rushton as a Non-Executive Director for LeisureSK Ltd for a fixed term period of five years from 1 July 2025 and to approve the appointment of Mr David Rushton as the Chairman of LeisureSK Ltd.

During discussions, Members commented on the following:

- It was confirmed that this appointment would replace the current Non-Executive Director whose contract was due to expire in December 2025.
- It was confirmed that the candidate would be required to attend relevant overview and scrutiny committee meetings, remuneration for which would be discussed.

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

1. Approve the appointment of Mr David Rushton as a Non-Executive Director for LeisureSK Ltd for a fixed term period of five years from 1 July 2025.
2. Approve the appointment of Mr David Rushton as the Chairman of LeisureSK Ltd.

## **11. Work Programme 2025 - 2026**

*Assistant Director, David Scott, returned to the Chamber.*

It was noted that the Work Programme for the 23 July 2025 meeting was particularly comprehensive given the significance of the items planned. Therefore, it was AGREED for the Work Programme to be revisited outside the meeting between the Chairman and the lead officer.

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

There was none.

## **13. Exclusion of the Press and Public**

It was proposed, seconded, and AGREED to exclude the press and public during the discussion of the following agenda item due to the likelihood that information that was exempt under paragraphs 1 and 2 of Schedule 12A of the Local Government Act 1972 (as amended) would be disclosed to them.

## **14. Additional Security for Councillor IT devices**

The matter was noted by the Committee.

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# **INTERNAL AUDIT PROGRESS REPORT**

**SOUTH KESTEVEN DISTRICT COUNCIL**

**July 2025**

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# SUMMARY OF JULY 2025/26 WORK

## INTERNAL AUDIT

This report is intended to inform the Governance and Audit Committee of progress made against the 2025/26 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.



## INTERNAL AUDIT METHODOLOGY

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report and are based on us giving either 'substantial', 'moderate', 'limited' or 'no'. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

## 2025/26 INTERNAL AUDIT PLAN

We have made good progress in the delivery of the 2025/26 audit plan.

We have completed and are pleased to present the following final report to this Governance and Audit Committee meeting:

- ▶ Payroll Access.

Planning is underway in respect of the following audits:

- ▶ Voids Management

We anticipate presenting this final report at the next Governance and Audit Committee meeting.

## REVIEW OF 2025 JULY 2025/26 WORK

AUDIT	EXEC LEAD	GOVERNANCE AND AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Climate Plan	Debbie Roberts	18 June 2025	✓	✓	✓	M	S
Payroll Access	David Scott	23 July 2025	✓	✓	✓	M	S
Voids Management	Alison Hall-Wright	24 September 2025	✓	✓			
Performance Management	Debbie Roberts	13 November 2025	✓				
Treasury Management	David Scott	21 January 2026	✓				
Building Control	Emma Whittaker	21 January 2026	✓				
IT Strategy	Gary Andrew	21 January 2026	✓				
Account Payables	Rikki Wiltshire	21 January 2026	✓				
Market Services	Kayleigh Boasman	18 March 2026	✓				
Main Financial Systems	David Scott	18 March 2026	✓				

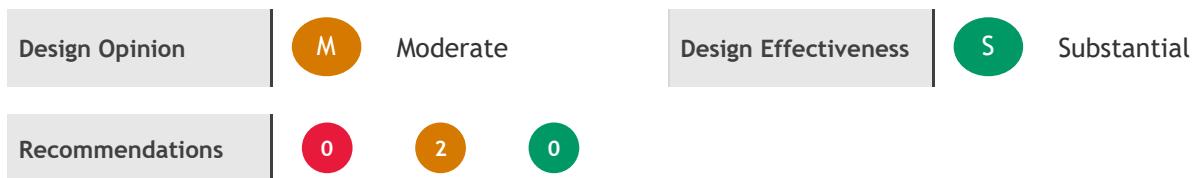
# PAYROLL ACCESS

## SRR REFERENCE:

### 4 - INEFFECTIVE FINANCIAL MANAGEMENT.

#### 6. UNABLE TO MAINTAIN AND BUILD SUFFICIENT STAFFING CAPACITY AND CAPABILITY

#### 14. SIGNIFICANT FRAUD/THEFT SUCCESSFULLY COMMITTED AGAINST THE COUNCIL



📝
SCOPE

**BACKGROUND**

- ▶ Every organisation requires employees to assist in meeting their goals and objectives. The cost of employing staff is reflected in salaries and wages and the associated benefits. The main purpose of a payroll department is to pay employees and remit associated deductions, taxes, and benefits. Internal controls are necessary for this department to function effectively, efficiently and within the parameters set by management.
- ▶ It is important that payroll records are held securely with only authorised personnel able to access these records. Additionally, it is important that there is a robust process for ensuring that only valid staff are paid at the correct rates for service provided and that complete and accurate statutory and other deductions are made.
- ▶ The role of IT Services is essential to the delivery of all services and is fundamental to most business change programmes across an organisation. The payroll system contains sensitive, personal and financial data and represents significant expenditure for the Council. Therefore, robust controls are needed to limit system access, fraud prevention and maintaining the accuracy of payments to staff.
- ▶ South Kesteven District Council's (the Council) payroll was previously outsourced and delivered through North Kesteven District Council between 2019 and early 2021, due to lack of capacity within the Council payroll team. In April of 2021, the Council brought the service back in house.
- ▶ The payroll system is administered through the iTrent management system for an employee headcount of approximately 570, managed by the Payroll Team. Most processes in the iTrent system integrate into the Council's main financial system - eFinancials, although plans are underway for a transition to a more robust financial system in Q3 of 2025 for complete integration of iTrent processes.

**PURPOSE**

The purpose of this audit is to provide assurance over the effectiveness of the Council's payroll controls and system access management by examining:

- ▶ User access rights and permissions mapping
- ▶ Segregation of duties in system roles
- ▶ Super user access monitoring
- ▶ Audit trail monitoring and review.

## AREAS REVIEWED

As part of the scope of this audit the following areas were reviewed:

- ▶ Five users with additional access rights to assess the Council's arrangements for managing access to the iTrent payroll system, including the assignment of super user access rights and the adequacy of user account reviews, to ensure access privileges are appropriately restricted and reviewed on a regular basis.
- ▶ Four requests for changes to employee bank details received and processed by the Payroll team between October 2024 and March 2025 to ensure accuracy, adequate segregation of duties, documentation retained with appropriate authorisation and verification steps in place to prevent unauthorised or erroneous payments.
- ▶ Eight leavers (from January - November 2024) to assess timely access revocation and removal from iTrent and associated systems.
- ▶ Walkthrough of the systems to assess the configuration of segregation of duties between Payroll and HR teams within iTrent, to assess whether system roles align with operational responsibilities and provide appropriate control over sensitive transactions.
- ▶ Walkthrough of the payroll control account reconciliation process for the period covering December 2024 to April 25 for evidence of timely preparation and review, to prevent unauthorised changes to payroll standing data.
- ▶ Council's use of audit trail functionality and user activity logs within iTrent, particularly for super user actions, to evaluate whether critical payroll activities are adequately recorded and reviewed.



## AREAS OF STRENGTH

We identified the following areas of good practice:

- ▶ A change request form is completed for all role changes within the Council. The form is approved by the relevant line manager and as hierarchical access rights are pre-programmed into iTrent for each position, they are amended automatically when a role is assigned to an employee.
- ▶ Payroll control account reconciliations are performed monthly and since April 2025 have been reviewed and approved by management. Evidence from the iTrent system is held alongside the reconciliations to provide an audit trail of the figures used. Documenting the approval of reconciliations is important because it provides a clear record of the review process. This helps ensure transparency and accountability, making it easier to identify and correct any anomalies in the reconciliations.
- ▶ At the time of the review, all leavers selected for sample testing had been removed from the system and were therefore not able to access iTrent. This helps to ensure data security and protection of sensitive information, preventing data breaches from occurring. This action helps maintain the integrity and confidentiality of the Council's payroll data, safeguarding both the Council and its employees.

AREAS OF CONCERN	Finding	Recommendation and Management Response
	<p>Changes to employee bank details are not subject to independent review for appropriateness or approval. In one case, payment was made to a third-party account (an employee's friend's account), increasing the risk of fraudulent activity or salary misdirection going undetected. (Finding 1 - Medium)</p>	<p>A. The Senior Exchequer Officer, in consultation with the Senior HR Officer, should progress discussions with iTrent to finalise and implement automated reporting of all changes to standing data. This should include date and time of when the change was made, user ID and the before and after values subject to change. The report should then be reviewed on a pre-determined basis to identify any anomalies and results of the review should be reported to the Assistant Director of Finance</p>

Management Response

Officers have scoped out and commissioned the required works with iTrent to create the required audit report. Once in place this report will then be reviewed by the Assistant Director of Finance as part of the monthly payroll approval process.

Responsible Officer and Implementation date

Senior Exchequer Officer  
30 November 2025

	<p>User logs are not produced for super users/administrative users to ensure all actions are appropriate. In addition, super users/administrative users are able to access both payroll and HR functions, increasing the risk of fraudulent behaviour (Finding 2 - Medium).</p>	<p>A. The Systems and Exchequer Manager should review all super user/system administrator profiles and implement a principle of least privilege, restricting access to modules and functions that are not required for the individual's role. Discussions with the provider should explore technical options to segment access without compromising operational efficiency.</p> <p>B. Systems and Exchequer Manager should work with the provider to enable logging of all user activity, including system administrator actions. This should be supplemented with periodic reviews by a designated officer to identify unauthorised changes, suspicious activity, or access to restricted modules.</p> <p><b><u>Management Response</u></b></p> <p>A - work is being undertaken with iTrent to review the user role set up to ensure all user access within the HR and Exchequer teams are aligned with the requirements of their roles and the number of system admin roles limited to 2 specific roles.</p> <p><b><u>Responsible Officer and Implementation date</u></b></p> <p>Senior Exchequer Officer 30 November 2025</p> <p><b><u>Management Response</u></b></p> <p>B - this will be picked up as part of the new audit report being created as referred to the previous recommendation</p> <p><b><u>Responsible Officer and Implementation date</u></b></p> <p>Senior Exchequer Officer 30 November 2025</p>
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We conclude that the Council has a Moderate design of controls and a Substantial operational effectiveness of controls in place for its payroll system, particularly in relation to system access and the safeguarding of payroll standing data.

#### Control Design

The control design is assessed as Moderate because while some foundational processes are in place to support payroll operations, there are some gaps that weaken the overall control framework. Specifically:

- ▶ Reports of changes to standing data are not currently produced therefore reviews of changes do not take place
- ▶ The iTrent system does not currently restrict system administrator access, meaning users with elevated rights can access all modules—including HR functions—regardless of role relevance, undermining segregation of duties
- ▶ There is no mechanism to monitor or log super user activity, meaning changes made to sensitive payroll data cannot be independently verified or reviewed.

#### Control Effectiveness

The control effectiveness is assessed as Substantial due to the existence of controls which are operating effectively to maintain the integrity of payroll processing.

- ▶ Based on the testing performed throughout the audit, no instances of malpractice were identified, including the prompt removal of leavers access rights from the system. Changes to standing data are predominantly performed using employee self-service access and as such, errors are likely to be identified at an early stage by the employee
- ▶ Monthly reconciliations of the payroll control account are performed, reviewed and approved by management, demonstrating management oversight of the process.

In conclusion, the controls in place are consistently applied and provide a level of assurance over the access to and accuracy of the payroll system.

# KEY PERFORMANCE INDICATORS

QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Governance and Audit Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Partner or Audit Manager.	G
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	G
DELIVERY	KPI	RAG RATING
Completion of audit plan	More than 75% of the Plan is completed and the remaining either at fieldwork or reporting stage, representing significant progress and likelihood of full completion of the plan by March 2025.	G

# APPENDIX I

## OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

## RECOMMENDATION SIGNIFICANCE DEFINITION

RECOMMENDATION SIGNIFICANCE	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

**FOR MORE INFORMATION:**

**Gurpreet Dulay**

Gurpreet.Dulay@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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Wednesday, 23<sup>rd</sup> July 2025

Report of Councillor Phillip Knowles,  
Cabinet Member for Corporate Governance and Licensing

## Contract Procedure Rules Update

### Report Author

David Scott, Assistant Director of Finance and Deputy Section 151 Officer

[david.scott@southkesteven.gov.uk](mailto:david.scott@southkesteven.gov.uk)

### Purpose of Report

This report provides details of the proposed updates to the Council's Contract Procedure Rules

### Recommendations

**The Governance and Audit Committee is asked to review the proposed Contract Procedure Rules and recommend them to Council for approval.**

### Decision Information

Does the report contain any exempt or confidential information not for publication? No

What are the relevant corporate priorities? Connecting communities  
Sustainable South Kesteven  
Enabling economic opportunities  
Housing  
Effective council

Which wards are impacted? (All Wards);

## 1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

### ***Finance and Procurement***

- 1.1 The updated Contract Procedure Rules propose changes to the financial thresholds. Should these changes to the thresholds be approved then the Council financial procedures will be updated accordingly.

*Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer*

### ***Legal and Governance***

- 1.2 The Governance and Audit Committee is required to consider any proposed revisions or significant amendments to the Council's Financial Procedure Rules and Contract Procedure Rules. This report facilitates this requirement in respect of Contract Procedure Rules.

*Completed by: James Welbourn, Democratic Services Manager*

## 2. Background to the Report

- 2.1 The Council's Contract Procedure Rules (CPR) were last updated and approved by Council in May 2022. The CPR form part of the Constitution and govern the way in which the Council procures goods, services and works.
- 2.2 It is important these are regularly reviewed as part of the Council's governance process as they contribute to the Council's system of effective internal control and are intended to promote good procurement practice, public accountability and to ensure value for money.
- 2.3 The proposed amendments include updates to reflect the necessary changes in accordance with the requirements of the Procurement Act 2023 (the Act) which came into effect on 24 February 2025.

- 2.4. In addition to incorporating changes relating to the Procurement Act 2023 it has provided an opportunity to review the overall CPR to ensure at an operational level they remain fit for purpose to support efficient and effective procurement.
- 2.5. The proposed amendments incorporate detailed procedural guidance, and enhanced compliance and transparency measures. These changes aim to improve the efficiency, accountability, and effectiveness of the Council's procurement activities. The proposed Contract Procedure Rules are provided in Appendix A.

### **3. Key Considerations**

- 3.1. The current CPR's have been in place since May 2022 and following the introduction of the Procurement Act 2023 it is appropriate to update the current Rules and identify other parts that require reviewing.
- 3.2. Following discussion with internal stakeholders and procurement officers a number of changes are being proposed. This review includes increasing the procurement financial thresholds in order to ensure procurement activities is cost effective, encourages greater participation from local suppliers whilst retaining value for money. This will enable greater flexibility whilst simplifying the Rules.

#### **Procurement Act 2023 – Key Updates**

- 3.3. The Act aims to create a simpler and more transparent regime for public sector procurement that will deliver better value for money and reduce costs for suppliers and the public sector. A short guide for suppliers can be found here [The Procurement Act 2023: A short guide for suppliers \(HTML\) - GOV.UK](https://www.gov.uk/government/publications/the-procurement-act-2023-a-short-guide-for-suppliers)
- 3.4. Procurement procedures have been simplified and the Act introduces two procedures of competitive tendering: the open procedure and the competitive flexible procedure
- 3.5. **The open procedure** is a single stage procedure, and all information is submitted by suppliers at the tender stage. This could be used for a known and simple requirement with a small market where there is no need to reduce the number of suppliers that are assessed.
- 3.6. **The competitive flexible procedure** provides the ability to design your own procurement process. The Council could use this procedure where its requirements are complex, and it would like to have formal engagement with suppliers during a negotiation or dialogue stage. The Council could also assess conditions of participation before inviting a tender submission to reduce the number of suppliers invited to participate.

- 3.7. The Act highlights a transparency by default position by introducing 17 procurement notices. Transparency will apply for the lifecycle of the procurement, for example, from planning procurement pipeline activity and conducting preliminary market engagement, reporting on supplier performance, contract modification and termination notices.
- 3.8. The Act introduces implied payment terms for all public procurement contracts to include a 30-day payment term. This term extends to subcontracts. Contracting authorities are required to publish payment compliance notices every 6 months which will detail compliance with paying invoices within 30 days of receiving the invoice. The aim is to set standards when paying suppliers and promote prompt payment.
- 3.9. As part of the Act, contracts over £5m need a minimum of 3 KPI's and the suppliers performance against the KPIs need to be publicly reported via a new Centralised Digital Platform. In addition, there is an additional 'Payments Compliance Notice' which will need to be issued. Both of these requirements haven't come into effect yet as the Government are still to make the required new functionality available and will therefore come at a later date.

### **Council Specific Updates**

#### Procurement Thresholds

- 3.10. Following a review of procurement activities and analysis of procurement spend it is proposed to update the procurement thresholds as outlined in the table below:

Route	Current Value	Proposed value
Single Quote	0 - £10,000	0 - £24,999
3 Quotes	£10,000 - £49,999	£25,000 – £99,999
Tender/ FW Mini comp	£50,000 – and above	£100,000 and above

- 3.11. The primary objective for the proposed threshold changes is to create the environment that will enable local suppliers to be directly appointed for low value works as evidence shows that smaller suppliers tend not to tender for works due to the time and cost of doing so. This was evidenced from a number of 'meet the buyer' events held by the Council across the district. This proposed threshold change has the primary benefit of supporting the local supply chain whilst reducing the overall costs as local suppliers will be less likely to sub-contract out parts of the work compared to larger suppliers.
- 3.12. This will provide greater flexibility to award on single quotes which will provide a slightly faster route to contracting.
- 3.13. The current thresholds have been in place for a number of years and are now out of alignment with the average procurement values. These low levels are meaning that there is additional time and resource seeking multiple quotes for low value works.

3.14. Whilst the new Procurement Act does aim to remove barriers to allow SMEs (Small and Medium Enterprises) to have a greater chance of winning contracts the new act still requires the Council to consider aggregate spend so under the current thresholds it would still mean they would be under increased competition through the tender process.

3.15. Under the new internal thresholds (quotes up to £100K), The Council could ask local suppliers to informally quote for each category and award 2 year contracts to the top 2/3 suppliers. This would achieve the following –

- Suppliers are formally contracted
- Pricing is standardised
- Much simpler process for suppliers
- Provides suppliers assurance they will get work for a number of years

3.16. Officers will still have the flexibility to consider any requirement whether single quote, multiple quotes, mini competition or tender is most appropriate and provide a scope of the works if required.

#### Social Value and Sustainability

3.17. Local authorities are required to consider how economic, social, and environmental wellbeing may be improved by services that are procured and how procurement may secure those improvements under the provisions of the Public Services (Social Value) Act 2012.

3.18. In order to strengthen this element (although the Council currently considers Social Value and Sustainability) it is proposed that a formal weighting is included as part of the evaluation on all tenders above the Procurement Act 2023 thresholds and which will carry as a minimum a 10% weighting to the overall assessment where it is proportionate and applicable.

3.19. It is also outlined that officers should consider on a case-by-case basis that Social Value and Sustainability is considered for any lower value contracts providing it is relevant and proportionate to do so.

#### Local Suppliers

3.20. Within the CPRs there is reference to local suppliers which is a subjective heading and is therefore open to a definition. In order to provide clarity, it is proposed that a number of different definitions should be considered. The following are the proposed definitions:

- South Kesteven District – NG and PE postcodes only
- Lincolnshire
- East Midlands (Derbyshire, Leicestershire, Lincolnshire, Northamptonshire, Nottinghamshire and Rutland)

3.21. The recommendation is to use East Midlands which is in line with other local authority definitions.

#### Approval and Contract signature levels

3.22. The following are proposed in order to update the thresholds in line with procurement spend levels:

- Service Manager or Equivalent role up to £49,999
- Heads of Service or equivalent £50,000 to £99,999
- Assistant Directors and Directors over £100,000

3.23. Following consideration of the updated CPR they will then be presented to Council approval for their inclusion into the Council's Constitution.

3.24. Taking into consideration all of the above points Appendix A provides the proposed update Contract Procedure Rules.

### **4. Other Options Considered**

4.1 The Council could choose not to approve the revised Contract Procedure Rules but there would be the risk that the current Contract Procedure Rules become out of date and would not include legislative changes of the Procurement Act 2023.

### **5. Reasons for the Recommendations**

5.1. The reason for seeking approval of the revised Contract Procedure Rules are set out in the report and it is a requirement within the constitution that Governance and Audit Committee review the proposed changes before Council approval.

### **6. Consultation**

6.1. The draft Contract Procedure Rules will be considered by Governance and Audit Committee, before being presented to Council.

### **7. Appendices**

7.1. Appendix A - Draft Contract Procedure Rules



# Contract Procedure Rules

July 2025

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## 1. Introduction

- 1.1 The purpose of these Contract Procedure Rules is to set out the principles, roles and processes involved in procurement at the Council. All procurements must comply with these rules, the Officer Scheme of Delegation, the Council's Financial Regulations, English law and European law in force in England.
- 1.2 All procurements must realise value for money through the optimum combination of whole life costs and quality of outcome.
- 1.3 These Rules seek to protect the Council's reputation by maximising value for money, making savings where possible, and minimising the risk of allegations of corruption, dishonesty and failure to meet legal obligations, as such they must be followed in all commercial activity undertaken on behalf of the Council and within a partnership relationship, regardless of the source of funding.
- 1.4 If there is any change to the law which affects these Rules, then that change must be observed until these Rules can be revised. If these Rules conflict in any way with the law, then the law takes precedence.
- 1.5 These Rules are supported by detailed, practical guidance available in the Procurement section of the Intranet and further supported by the Council's Procurement Lead and the Council's outsourced tendering agent which is currently Welland Procurement; [wellandprocurement@melton.gov.uk](mailto:wellandprocurement@melton.gov.uk).
- 1.6 Any values stated within these Rules are exclusive of VAT.
- 1.7 All procurement activities must be carried out in a fair, open, transparent, proportionate, and non-discriminatory manner.
- 1.8 These Rules apply to:
  - 1.8.1 Contracts or agreements with external organisations where the Council pays for:
    - 1.8.1.1 Goods and/or Services;
    - 1.8.1.2 Works of any kind; and
    - 1.8.1.3 Hire, rental or lease of equipment, material and/or plant.
  - 1.8.2 Grant money received unless the grant conditions state otherwise.
- 1.9 These Rules do not apply in the following circumstances:
  - 1.9.1.1 The purchase or lease of property, land acquisition, interest in land, transaction in land or disposal. This does not extend to any service, supplies or works contracts that may be required to make the land, existing buildings or immoveable property ready for acquisition, disposal or leasing.
  - 1.9.2.1 Direct employment of permanent or fixed term employees, for the avoidance of doubt these Rules do not apply to consultancy and employment agency contracts.
  - 1.9.3.1 Instructing barristers or solicitors (as long as those costs do not exceed the relevant Public Procurement Threshold).
- 1.9.4.1 The lending or borrowing of money by the Council.

1.9.5. Contracts between Local Authorities as defined by Paragraph 2, Schedule 2 of the Procurement Act 2023 (PA23)

1.9.6. Contracts between Local Authorities as defined by Paragraph 2, Schedule 2 of the Procurement Act 2023 (PA23)

## **2. Roles and Responsibilities Officers**

- 2.1. The Officer responsible for the procurement must comply with these Contract Procedure Rules and the Financial Regulations. The Officer is also responsible for ensuring that any Agents acting on behalf of the Council do so in compliance with these Rules and must seek written confirmation of their agreement.
- 2.2. All procurements must realise value for money through the optimum combination of whole life costs and quality of outcome.
- 2.3. The Officer must check whether a suitable Corporate Contract or other Publicly Available Contract exists before seeking to let another Contract. Where such a contract does exist, its use should be considered.
- 2.4. Where an above Procurement Act Threshold procedure is required, the Officer must contact the Procurement Lead before embarking on the procurement. The Procurement Lead is also available to provide advice on all procurement activity.
- 2.5. Officers must take all necessary legal, financial and other professional advice. All officers are required to obtain the necessary approvals BEFORE commencing a procurement process. These approvals vary according to value and whether the procurement is considered a Key Decision.
- 2.6. Officers must ensure that the contracts for which they are responsible are effectively managed and monitored to ensure they deliver the requirement as intended.
- 2.7. Where an Officer has a potential conflict of interest within a procurement, the Officer must declare this immediately to the relevant Strategic Director and Monitoring Officer. The Officer may be required to withdraw from the procurement process. Any Officer who fails to declare such a conflict of interest may be subject to disciplinary proceedings and sanctions and also risks being prosecuted under the Bribery Act 2010.
- 2.8. A 'Conflict of Interest Declaration form' can be found on the Council's and will be monitored by tendering officers throughout any tendering process they support on.
- 2.9. As part of the service planning process Officers are expected to highlight all required procurement support through the annual Procurement Service Plan in advance of the next financial year.
- 2.10. Officers are responsible for the contracting activity, and must ensure:
  - a) Continued compliance with the Council's requirements;
  - b) Value for money;
  - c) Compliance with these Rules as well as any legal and statutory requirements;

- d) Compliance with any relevant Council policy and Key Decision Threshold; and
- e) That contracts are signed/sealed before the commencement of any Works, Services or Good delivered.

- 2.11. The Officer is responsible for ensuring adequate notice is given to the Procurement Lead on new requirements, where a procurement lead will be involved in supporting the activity, taking into account the time required for mini comps, tenders and any internal approvals required.
- 2.12. Before beginning a commercial activity, the Officer responsible for it must carry out an appraisal and consider:
  - (a) The requirements from any relevant Best Value or other review;
  - (b) The need for the expenditure and its priority e.g., has a business case been developed which sets out the service objectives, the criteria for evaluation and the options for delivery;
  - (c) Defining the objectives of the purchase;
  - (d) The risks associated with the purchase over its life and how to manage them;
  - (e) What procurement method is most likely to achieve the purchasing objectives, including internal or external sourcing, and collaboration with other purchasers;
  - (f) If corporate contracts and/or suitable frameworks exist and assess their suitability;
  - (g) Consulting users as appropriate about the proposed procurement method, contract standards, and performance and user satisfaction monitoring; and
  - (h) Selecting the most appropriate procurement method.

The Officer's approach to the appraisal tasks should be proportionate to the complexity, risks, and value of the procurement.

- 2.13. Officers will need to ensure they have the relevant budget approved (as per the Constitution) and available prior to embarking upon a procurement process. Budget approval ensures you have provision to fund any commitment within your own budget, and where sufficient budget isn't available the additional required funding has been sought and approved in accordance with the Council's Constitution.
- 2.14. Officers will need written approval to procure and award in line with the constitution. This approval needs to be sought regardless of the procurement route i.e., Tender, Quotation, Framework Direct Award or Exception. Please see Appendix 3 for the relevant Forms.
- 2.15. It is the Officer's responsibility to carry out due diligence on successful suppliers, both at Contract Award, and for the duration of the Contract.
- 2.16. Officers must ensure details of bidders and their submissions are kept confidential (subject to Freedom of Information considerations).
- 2.17. Officers shall complete the Council's electronic Contract Register (to record all contracts with an estimated total value of £5,000 and above including any changes over the contract life e.g., extensions).

2.18. Officers shall notify the Procurement Lead of any contracts awarded with an estimated total value of £25,000 (ex. VAT) and above (including any changes over the contract life e.g., extensions), so that a Find a Tender Award Notices can be published.

**Service Managers, Heads of Service, Assistant Directors and Directors (or equivalent postholders)**

2.19. Service Managers and Heads of Service must ensure that staff are aware of their responsibilities under these Rules, receive adequate training and guidance and that they and their Officers comply with these Rules at all times, and that sufficient budget is available and approved before procurement process begin.

2.20. Service Managers and Heads of Service must ensure that Value for Money is achieved in all procurements and ensure officers have obtained the necessary approvals BEFORE commencing a procurement process.

2.21. Service Managers and Heads of Service must ensure that they have in place a scheme of delegation that records in writing what action Officers are authorised to take under these Rules and what action needs to be referred to Cabinet or Council.

2.22. The relevant Service Manager or Head of Service is responsible for ensuring there is a process in place so that the Council's Contracts Register is updated as required following procurement activity.

2.23. Where a Service Manager or Head of Service has a potential conflict of interest within a procurement process, the officer must declare this immediately to the relevant Strategic Director and Monitoring Officer. The Head of Service may be required to withdraw from the procurement process. Any Head of Service who fails to declare such a conflict of interest may be subject to disciplinary proceedings and sanctions and also risks being prosecuted under the Bribery Act 2010.

2.24. A 'Conflict of Interest Declaration – Confidentiality Agreement' form can be obtained the councils intranet.

**3. Non-Compliance with these Rules**

3.1. Where an Officer becomes aware of any non-compliance with these Rules (which cannot be remedied), they must declare this to the relevant Director and Monitoring Officer.

**4. Procurement Processes – General**

4.1. Officers will need to ensure they have the relevant budget approved and available prior to embarking upon a procurement process. This approval will be from the Budget Holder, in accordance with budget authorisation limits (as outlined in the Financial Regulations). Officers will also need written approval to procure (email is sufficient).

4.2. Estimating the Total Contract Value

4.3. Total Value is the maximum potential contract value. This is an estimation of the annual value, multiplied by the maximum contract length (including any extensions).

- 4.4. This calculation is to be used for contracts that fall under the Procurement Act 2023. All references to “value” within these Rules refer to Total Value.
- 4.5. Where a proposed work or provision of services may result in contracts being awarded in the form of separate lots, account shall be taken of the total estimated value of all such lots. Where the aggregate value of the lots is equal to or greater than the relevant Public Procurement Threshold, please speak to the Procurement Lead for further guidance on aggregation.
- 4.6. For works contracts, the calculation of the estimated value shall take account of both the cost of the works and the total estimated value of the supplies and services that are made available to the contractor by the Council if they are necessary for executing the works.
- 4.7. For the appointment of consultants, the Estimated Total Contract Value shall be calculated using the requisite rate for the consultant, multiplied by the total duration of the assignment required to complete all the activities and deliverables of the consultant for their entire appointment.
- 4.8. For Concessions contracts (where the supplier makes money from the right given by the Council to provide), contract values are based on what it is worth to the supplier or the cost the Council would incur to provide the contract. The Total Value for these contracts shall be the total turnover of the concessionaire generated over the duration of the contract, as estimated by the Council, taking into account:
  - (a) the value of any form of option and any extension of the duration of the concession contract;
  - (b) revenue from the payment of fees and fines by the users of the works or services other than those collected on behalf of the Council;
  - (c) payments or any other financial advantages, in any form, from the Council to the concessionaire, including compensation for compliance with a public service obligation and public investment subsidies;
  - (d) the value of grants or any other financial advantages, in any form, from third parties for the performance of the concession contract;
  - (e) revenue from sales of any assets which are part of the concession contract;
  - (f) the value of all the supplies and services that are made available to the concessionaire by the Council, provided that they are necessary for executing the works or providing the services;
  - (g) any prizes or payment.
- 4.9. Officers will ensure that values are not split in an attempt to avoid the applicability of these Rules or the Procurement Act 2023.
- 4.10. Re-occurring Contracts shall not be put in place with the effect of preventing it from falling within the scope of these Rules, thresholds, or any relevant Public Procurement Act. Spend must be aggregated where it is appropriate to do so, whether that is within Council services, or across multiple services for the same scope of work; to ensure value for money is achieved and reduce the duplication of work. Examples of where aggregate spend would be appropriate includes (but is not limited to):
  - (a) One service spot purchasing similar pieces of work on a regular basis throughout the financial year;

- (b) Multiple Council services purchasing the same services under different contracts; and
- (c) Individual contracts being kept under a certain threshold to avoid procurement obligations within these Rules.

4.11. Where a proposed work or provision of services may result in contracts being awarded in the form of separate lots, account shall be taken of the total estimated value of all such lots. Where the aggregate value of the lots is equal to or greater than the relevant Procurement Act Threshold, the Procurement Lead must be consulted.

4.12. Where the Council may be contributing only part of the total value of a contract, it is nevertheless the Estimated Total Contract Value that should be applied in determining the correct procedures to be applied under these Rules. Examples of where this would be appropriate includes (but is not limited to):

- (a) Collaborations between services within the Council;
- (b) Collaboration between the Council and at least one other Contracting Authority; and
- (c) Where the Council is only part funding a project, in partnership with another funding source.

4.13. In the event that the estimated Total Contract Value is below the Procurement Act Threshold, and following a procurement process the proposed winning bidder's Total Bid Value exceeds the relevant Procurement Act Threshold, the Officer must not award the contract without consulting with the Procurement Lead as to the risks associated with awarding the contract.

#### 4.14. **Tupe**

4.15. Where any employee of the Council or of a Supplier may be affected by any transfer arrangement (TUPE), the Officer must ensure that the Transfer of Undertaking (Protection of Employment) issues are considered and obtain relevant advice. More information can be found in Appendix 7 and on the Intranet.

4.16. When obtaining quotes, consideration should be given to selecting SME/Local suppliers for quotes wherever possible.

4.17. Quotations can be submitted via email but should be PDF documents to prevent tampering or accusations thereof; the onus will be on the bidder to make this decision. Quotations are not to be "opened" prior to the deadline for return if one is given (not applicable if only one quote is being sought).

4.18. The quotation must be received before any order is processed and must include the following information:

<b>Under 24,999</b>	<b>Between £25,000 and £100,000</b>
A description of the goods, services or works to be supplied;	A specification (covering the goods, services or works) to be supplied; the "where" and "when" they are to be supplied; and any relevant performance and contract management details)

When and where they will be supplied;	Instructions to bidders:
The value of the requirement;	Evaluation criteria
Payment terms.	How to respond
If high risk (e.g Building Works, technical works, working with the public/accessing people's homes, working in areas where there is public access). The short form terms and conditions to be applied (available Standard T's & C's, unless using another appropriate set of terms and conditions, as agreed by Legal Services or Procurement Lead).	How clarification messages are to be asked (who sent to, any deadlines for messages)
	Information bidders need to include within response
	Deadline for responses (day and time); and
	The short form terms and conditions to be applied (available Standard T's & C's, unless using another appropriate set of terms and conditions, as agreed by Legal Services or Procurement Lead).
Quotation summary (found on the Intranet) should be filled out and saved in the Procurement section of the intranet, in their departments folder	

4.19. The contract award must be authorised by the budget holder using the relevant Approval Route (ODD, etc)

4.20. Where the value of the contract is more than £5,000, the resultant contract must be added to the Contract Register (on ProContract) to ensure compliance with Transparency Regulations.

4.21. It is the Officer's responsibility to carry out due diligence on successful suppliers, both at Contract Award, and for the duration of the Contract. This will involve requesting, obtaining and maintaining records (and asking for appropriate evidence) of relevant due diligence, annual inspections and any future expiration/renewals.

This may include (but not be limited to):

- a) Insurance certificates (new certificates to be requested upon expiry of the individual insurance policy);
- b) Details as required by the selection/suitability criteria asked as part of the procurement process (annually, upon anniversary of Contract start date):
  - i. Supplier policies
    - Quality Management
    - Environmental
    - Equality
    - Health and Safety
    - Data protection/GDPR
  - ii. Licences/certificates/registrations
  - iii. Business continuity plans
  - iv. Required training (and updates for staff (Council and supplier)
  - v. Staff certifications/qualifications (Council and staff); and

Finance can provide reports from the Council's credit check facility, and where required undertake a financial ratio analysis.

#### **4.22. Approving, signing and sealing a contract**

- 4.22.1. For contracts with a total value up to and including £49,999 the approval will be given by the relevant Service Manager (or equivalent post). This must be done in writing (email is sufficient). Contract to be signed by Service Manager
- 4.22.2. For contracts with a total value between £50,000 and £99,999 then approval will be given by Heads of Service (must be recorded via an Officer Delegated Decision (ODD). Contract to be signed by Heads of Service.
- 4.22.3. For contracts with a total value over £100,000 but up to the key decision threshold as set out in the Councils constitution then approval will be given by the Director or Assistant Director and must be recorded via an Officer Delegated Decision (ODD). Contracts to be signed by Director or Assistant Director.
- 4.22.4. For contracts with a total value above the key decision threshold constitutes a Key Decision, which must be on the forward plan. Democratic Services must be engaged prior to any procurement process commencing which is above the key decision threshold. Note that any applicable "call in" period must be observed before the Decision is implemented. Section 17 provides further information where Contracts need to be signed and sealed.
- 4.22.5. ODDs requiring comment/approval from Procurement should be sent to Procurement Lead to fill out. Officers should not fill this section out and approve under the Procurement Leads' name without the knowledge and consent of the procurement Lead.
- 4.22.6. Copies of signed Approvals should be saved in SharePoint under the relevant departments folder
- 4.22.7. A summary of information is available at Appendix 6 Quick Reference Guide.
- 4.22.8. Sealing a contract –
- 4.22.9. A contract must be sealed where:
  - The total value is over £500,000;
  - The Council wishes to enforce the contract for more than six years after its expiry; or
  - The price paid or received under the contract is a nominal price and does not reflect the value of the goods, services or works; or
  - There is any doubt about the authority of the person signing for the other contracting party; or
  - A Bond is established on behalf of the Supplier(s) or their guarantors; or
  - Required by the Parties to the agreement; or
  - Where the Monitoring Officer deems it appropriate.
- 4.22.10. Where contracts are completed by each side adding their common seal, the affixing must be attested by or on behalf of the Council in accordance with the Constitution. The Monitoring Officer is responsible for the process of sealing a contract.

4.22.11. If a Council Officer or Supplier needs to sign contract documentation electronically, please speak to Legal Services for advice and guidance on the use of electronic signatures.

4.23. **For all procurements, the Officer must keep the following records saved in Sharepoint under Procurement section of the Intranet, within their relevant department :**

- a) A record of all decisions from pre to post procurement.
- b) The method of obtaining tenders.
- c) Tender documents produced by the Council.
- d) Tenders received from bidders. The successful tender should be retained for at least the life of the contract. Unsuccessful tenders should be retained for the first 12 months of the contract.
- e) A written record of the evaluation.
- f) A record of the Award approval.
- g) A signed copy of the Contract which should be retained for the life of the contract and in normal circumstances for 6 years thereafter.

4.24. Communications to and from bidders during the procurement process.

#### **4.25. Contract management**

4.26. The named Contract Manager should be noted in the Contract Register. All contracts must have a named Contract Manager for the entirety of the contract and that Contract Manager is responsible for the application of these Rules.

4.27. During the life of the contract, the Contract Manager must monitor the overall performance of the contract closely in order to ensure any issues of underperformance are formally addressed as soon as possible.

4.28. Before the contract commences (and regularly throughout the duration of a contract), contract managers should request and inspect key health and safety records to provide assurance that controls are operating effectively. The frequency of requests and types of records to be reviewed should be agreed and outlined as part of the procurement process. Records should include but not be limited to:

- Up to date Health and safety policies
- Risk Assessments
- COSHH assessment
- Induction and training records
- Fire safety logbooks (if applicable)
- PAT certificates
- Health and Safety inspections (as well as any actions arisen, and how they are being followed up on, reviewed and regularly monitored) and whether these are carried out by the Council or the supplier
- Accident reporting

4.29. Throughout the duration of the contract, Council Officer's must keep a record (and ask for appropriate evidence) of relevant due diligence as well as any future expiration /renewals.

4.30. All contracts must contain the right to terminate the contract in the event of a contractor offering any inducement, committing fraud, or committing an offence under the Prevention of Corruption Acts.

**4.31. Contract Modifications**

4.32. Any variation to contract for a contract valued above the Threshold can only be varied if the variation is a permitted modification and not a substantial modification or a material change in accordance with Procurement Legislation (PCR 2015 and New Act – PA2023)

4.33. A material change is one which:

- Would have allowed the admission of other Bidders or the acceptance or another tender; or
- Extends the scope of the contract considerably to goods, services or works not initially covered by the Specification; or
- Changes the economic balance in favour of the contractor in a manner not provided for in the procurement documents.

4.34. All above threshold variations should be reviewed by Procurement Lead prior to the agreement of any variation.

4.35. Permitted modifications include:

- Change provided for in the contract
- Urgency and protection of life (PA 2023)
- Unforeseen circumstances (subject to the change not exceeding 50% of the value of the original contract under PCR 2015 and PA2023)
- Materialisation of a known risk (subject to the change does not increase the estimated value of the contract by more than 50% PA 2023)
- Additional goods, services or works (under PCR 2015 and PA2023 provided that any increase in price does not exceed 50% of the value of the original contract)
- ‘Convertible contract’ (PA 2023)

4.36. Variations to Relevant Below-Threshold Contracts (subject to whether it is a convertible contract) are allowed. Input from the procurement lead should be requested by Officers.

**4.37. PA 2023 – Above threshold**

4.38. Before any modification to a contract can be made, a contract change notice must be published unless there is an exception (such as if the modification increases or decreases the estimated value of the contract by 10% or less for goods or services or 15% or less for works; or the contract term by 10% or less of the maximum term provided for on award).

4.39. Changing the term of a contract term by more than 10% of the maximum term is considered substantial (calculated in months). Officers must therefore ensure they account for all possible extensions in all Relevant Contracts.

- 4.40. If the change increases or decrease the estimated value of the contract by 10% or less for goods or services or 15% or less for works unless the modification is permitted in relation to novation or transfer of the contract on corporate restructuring.
- 4.41. Modifications apply to the value of the contract at the time of the modification (i.e. the estimated value of the contract immediately before the modification is made) - therefore if more than 1 modification is applied to the contract, the value will be the new value (including the previous modification) rather than the old value.
- 4.42. Officers may observe a voluntary standstill period of at least 8 working days from the day of publication of the contract change notice and it is strongly recommended to do so to provide additional protection for the Council.
- 4.43. For modification of contracts over £5M a copy of the modified contract (redacted) must be published within 90 days of entering into it

#### **4.44. Public Contracts Regulations 2015 (PCR 2015)**

- 4.45. Officers must note that any changes made to Relevant Above-Threshold Contracts that started their procurement process or existed before the PA 2023 came into effect are still subject to the modification rules of the PCR 2015. It is important to check when the contract was procured and if calling off a framework agreement, check when the framework agreement was established. If they were procured with the PCR 2015 were in force, then the PCR 2015 will apply to modifications under them.
- 4.46. Permitted modifications are allowed if the value is below 10% of the initial contract value for service and supply contracts and 15% of the initial contract value for works Contract Extensions.

### **5. Procurements valued £24,999 and under**

- 5.1. Where the contract is valued £24,999 and below, Officers are required to seek at least one written quotation (email is acceptable). Value for money remains a primary objective and so Officers may decide to seek more than one quotation to ensure that objective is achieved. Officers are encouraged to seek quotations from local suppliers wherever possible.

### **6. Procurements valued between £25,000 and £99,999**

- 6.1. Where the contract is valued between £25,000 and £99,999, at least three written quotations must be sought. Those quotations can be invited from identified suppliers as no procurement advertising is needed to take place.
- 6.2. For contracts with a total value of £25,000 or more, if the Council chooses to publicly advertise a quotation, for example because:
  - 6.2.1. The Officer cannot immediately identify three potential suppliers to invite to quote; and/or
  - 6.2.2. The procurement opportunity is either politically sensitive or high profile

then it must be simultaneously advertised via the Procurement Lead on Contracts Finder.

- 6.3. Where the Procurement Lead is instructed to support the procurement, the Officer must complete a Procurement Initiation Document (PID), available on the intranet, prior to the commencement of the procurement process (at pre-procurement stage).
- 6.4. It is recommended that the Request for Quotation template document is used which can be found on the Intranet. In any case the criteria for selecting the most advantageous quotation must be established before the quotations are invited and be made clear in the procurement documentation.
- 6.5. At least one of the suppliers invited to submit a quotation should be local, where local means operating from a business address within the geographical boundary of the East Midlands.
- 6.6. Where fewer than three potential suppliers can be identified, the Officer must keep a written record of the reason and all potential suppliers should be invited to quote. It is accepted that the Officer may receive fewer than three quotations even where three or more suppliers have been invited to quote.
- 6.7. Quotations can be submitted via email but should be PDF documents to prevent tampering or accusations thereof; the onus will be on the bidder to make this decision. Quotations are not to be “opened” prior to the deadline for return if one is given (not applicable if only one quote is being sought).
- 6.8. The Officer must keep copies of the Council’s procurement documentation as well as copies of all quotations received and any communication between the Council and the bidders.
- 6.9. As part of the procurement process (quotation), potential bidders can seek clarification on either the information published or the process itself.
- 6.10. The nature of any clarification or response from the Council must not materially change the scope/substance of the requirement. If it does, Officers may need to abandon the process and restart, using revised documentation. Please discuss this with the Procurement Lead.
  - 6.10.1. All requests for clarification and questions relating to the quote (and its associated documents) must be submitted as per the instruction document (via email or ProContract).
  - 6.10.2. The Council must respond to all clarifications as soon as possible (via email or ProContract).
  - 6.10.3. A copy of all requests for clarifications and the responses must be anonymised and published to all potential bidders (who have either been invited to quote or have expressed an interest in the quote) where the clarification and response are not considered confidential.
  - 6.10.4. If a potential bidder wishes the Council to treat a clarification as confidential and therefore not publish the response to all, it must state this when submitting the clarification. If in the opinion of the Council, the clarification is not confidential, the Council will publish it in an anonymised format.

6.10.5. Officers must state a deadline for receipt of clarifications.

6.10.6. Officers must keep a record of communications between potential bidders and the Council.

6.10.7. Unless it is part of a clarification and the above is observed, Officers must not:

6.10.7.1. Make contact with suppliers/potential bidders; or

6.10.7.2. Send information to suppliers/potential bidders.

6.11. If a supplier/potential bidder makes contact with an Officer, they should advise them that messages must be submitted as per the instruction document; via email or ProContract.

6.12. Evaluation of the quotations received must be carried out using the evaluation criteria identified in the procurement documentation. Any subjective evaluation (such as quality) must be carried out independently by a minimum of two evaluators (preferably three) and then moderated by an independent moderator to reach a final agreed score. The evaluators should be fully briefed on the evaluation process.

6.13. Clarification questions may be asked where responses would not result in a material change of the bid received.

6.14. The 'Conflict of Interest Declaration – Confidentiality Agreement' on the procurement portal gives further guidance on evaluation principles and best practice; it is advisable to ask all evaluators to complete, sign and return this document to the Council lead. The procurement Lead can act as the independent moderator but cannot undertake any scoring. Clarification questions may be asked where responses would not result in a material change of the bid received.

6.15. Contract award must be approved as per 4.22 of these Rules.

6.16. All bidders must be notified of the Award decision simultaneously in writing (via the Council's electronic tendering system or email, depending on the method of obtaining quotations) by the Officer (or the Procurement Lead), whether or not their bid was successful.

6.17. The contact or terms and conditions must be signed by an officer authorised in accordance with the delegation scheme. In certain circumstances the contract may require sealing, please see 4.22.

6.18. If a Council Officer or Supplier needs to sign contract documentation electronically, please speak to Governance for advice and guidance on the use of electronic signatures.

6.19. The resultant contract must be added to the Council's Contract Register (on ProContract) to ensure compliance with Transparency Regulations.

6.20. All signed contracts must be scanned in and saved to the relevant Directorate in SharePoint and added to the Contracts Register. Officers must then provide Governance with any paper copies of the Contract for the subsequent storage and safe keeping.

- 6.21. If the contract is valued at £25,000 and over, an award notice on Find a Tender is required. Further contract management notices may also be required under the new Act. The Procurement Lead is responsible for such award notices. If an Officer has managed the procurement process without assistance from the Procurement Lead, they must formally advise them of the award details, so that they can publish the award notice full details of Notices required can be found at Appendix 3.
- 6.22. It is the Officer's responsibility to carry out due diligence on successful suppliers, both at Contract Award, and for the duration of the Contract.

## **7. Procurements valued at £100,000 and above**

- 7.1. All Procurements with a value over £100,000 must be competed formally
- 7.2. The Procurement Lead should be notified giving at least 4 months' notice in respect of all contract requirements with a total value of £100,000 and above to allow time for tendering agent to schedule the procurement into their master service plan.
- 7.3. Where the Procurement Lead is instructed to support the procurement, the Officer must Notify the Lead who will add the requirement to Tendering Agents Service Plan. Tendering Agent will assign a procurement officer who will support with the tender.
- 7.4. In the first instance, Tendering Agent will arrange a startup meeting where they will discuss the requirement with the stakeholder and assist in filling out Section 1 of the Procurement Toolkit Document. Once completed, stakeholder will need to get signed off to ensure approval has been sought to procure.
- 7.5. The Procurement Took Kit document can be found on the Council's intranet.
- 7.6. All required external notices up to the point of contract award will be published on Find a Tender service by Tendering Agent. All contract management notices will need to be managed by the Contract Manager.
- 7.7. Tenders valued at over £5M require at least 3 KPI's setting and performance against KPIs are to be published.
- 7.8. Once contract is awarded, service is required to circulate the contract for signing
- 7.9. Once contract is signed, Tendering Agent will add to the register and will advise of any further contract notices which may be required during the life of the contract when handing over the completed Procurement Toolkit.
- 7.10. The Contract manager is responsible for publishing any further notices required during the life of the contract. These may include;
  - 7.10.1. Contract Change Notice
  - 7.10.2. Payment compliance notice (Contracts over £5M)

7.10.3. Contract performance notice (contracts over £5M)

7.10.4. Contract termination notice

7.11. Council Officers must conduct the Tender process using the Council's tender portal (unless agreed otherwise by the Chief Finance Officer).

7.12. The Tender template documents must be used to ensure that the required Suitability Questions are used (available from Tendering Agent).

7.13. The Officer must work with Tendering Agent to ensure that all relevant procurement documents are finalised before the procurement is advertised, these will include at least the Specification, Draft Terms and Conditions of Contract, TUPE information (where applicable) and evaluation criteria.

7.14. The specification must cover the scope of the requirement i.e., the goods, services or works to be supplied, the "where" and "when" they are to be supplied as well as any relevant performance and contract management details. Further training on writing scopes is available by booking onto Tendering Agent training session via the Intranet

7.15. As part of the procurement process (tender), potential bidders can seek clarification on either the information published or the process itself.

7.16. The nature of any clarification or response from the Council must not materially change the scope/substance of the requirement. If it does, Officers may need to abandon the process and restart, using revised documentation. Please discuss this with the Procurement Lead.

7.16.1. All requests for clarification and questions relating to the tender (and its associated documents) must be submitted as per the instruction document (via ProContract).

7.16.2. Tendering Agent will manage the clarifications

7.16.3. The Council must respond to all clarifications as soon as possible so Tendering Agent can publish responses.

7.16.4. A copy of all requests for clarifications and the responses must be anonymised and published to all potential bidders (who have expressed an interest in the tender) where the clarification and response are not considered confidential.

7.16.5. If a potential bidder wishes the Council to treat a clarification as confidential and therefore not publish the response to all, it must state this when submitting the clarification. If in the opinion of the Tendering Agent and the Council, the clarification is not confidential, Tendering Agent will publish it in an anonymised format.

7.16.6. Tendering Agent must keep a record of communications between potential bidders and the Council.

7.16.7. Unless it is part of a clarification and the above is observed, Officers must not:

7.16.7.1. Make contact with suppliers/potential bidders; or

- 7.16.7.2. Send information direct to suppliers/potential bidders.
- 7.16.8. If a supplier/potential bidder makes contact with an Officer, they should advise them that messages must be submitted as per the instruction document; via ProContract.
- 7.17. Tenders will be received via the electronic tendering system. The Procurement Officer will be responsible for opening tenders.
- 7.18. Tenders must be evaluated in accordance with the advertised evaluation criteria, clarification questions may be asked as long as the response would not have the effect of materially changing the tender received. Any subjective evaluation (such as quality) must be carried out independently by a minimum of two evaluators (preferably three), then moderated by an independent moderator to reach a final agreed score. The evaluators should be fully briefed on the evaluation process. The 'Conflict of Interest Assessment – Confidentiality Agreement' will be assessed as part of the Procurement Toolkit Document.
- 7.19. Further guidance on evaluation, principles and best practice can be found by booking on to the Evaluations training session via the Intranet and can also be provided by the procurement Lead.
- 7.20. The Procurement Lead officer can act as the independent moderator but cannot undertake any scoring.
- 7.21. The bidder with the highest evaluation score will be awarded the contract. If this is not case, the advice of the Procurement Lead Officer must be sought prior to award.
- 7.22. Contract award must be approved in accordance with the approval levels set out at 2.16 of these Contract Procedure Rules.
- 7.23. All bidders must be notified of the Award decision simultaneously in writing (via the e tendering system) by the Procurement Lead Officer, whether or not their bid was successful.
- 7.24. The contract must be signed and/or sealed, please see Section 18 below.
- 7.25. The resultant contract must be added to the Council's Contract Register to ensure compliance with Transparency Regulations and saved to relevant Directorate on SharePoint. The Officer is responsible for ensuring the original signed contract is given to Governance for safekeeping.
- 7.26. Where Tendering Agent has managed the procurement on behalf of the Council, the Officer must ensure that the above documents are returned to the Council upon completion of the process.
- 7.27. An award notice is required on Find a Tender; the Procurement Lead Officer is responsible for such award notices.
- 7.28. It is the Officer's responsibility to carry out due diligence on successful suppliers, for the duration of the Contract.

## **8. Procuring via a Framework Agreement, Dynamic Purchasing System (DPS) or Dynamic Market (DM)**

- 8.1. A contract of any value can be procured via a Framework agreement DPS or Dynamic Market (DM) Providing there is a business justification for doing so.
- 8.2. Direct awards under Frameworks, where permissible under the Framework guidance must be approved by completing and signing the Approval to Direct Award' from.
- 8.3. Under the new Act (PA23), Dynamic Purchasing system (DPS) is replaced by Dynamic Markets (DMs). Currently, use of DM's only apply to above threshold requirements.
- 8.4. Frameworks and DPS's which were established before 24th February 2025 are to be used in accordance with Public Contracts Regulations 2015. Any new Frameworks created after 24th February are to be used in accordance with the new Procurement Act 2023 (PA23).
- 8.5. Compliance with these Rules and relevant national law is achieved through compliance with the framework agreement / DPS / DM terms and conditions. This will involve:
  - 8.5.1. reviewing relevant Framework/DPS/DM guidance document(s);
  - 8.5.2. reviewing the correct process for call off (which may be through further competition or direct award); and
  - 8.5.3. following the stated call off process, as laid out in the Framework/DPS/DM documentation.
  - 8.5.4. Officers must ensure they are fully conversant with the eligibility of the Council to use the framework, as stated within the Framework Agreement. If these Rules are not sufficiently detailed for the Officer to be assured of the eligibility and requisite process, they must engage with the Procurement Lead to seek advice on the validity of the Framework Agreement.
- 8.6. Mini Competitions/Further Competitions should be carried out by working with Tendering Agent
- 8.7. As part of the procurement process (call off), potential bidders can seek clarification on either the information published or the process itself.
- 8.8. For the avoidance of doubt, a framework agreement, DM or DPS is considered a compliant procurement route where:
  - a) It has been entered into by the Council in compliance with these Rules; or
  - b) Another contracting authority, purchasing consortium or Central Government has tendered the framework agreement or DPS in compliance with national procurement law and the Council is named as a potential user of the arrangement.
- 8.9. All goods, services and works with a procurement total value in excess of the relevant Public Procurement threshold are enforced by the Public Contracts Regulations 2015 (before 24th February 2025) and The Procurement Act 2023 (post 24th Feb 2025). These Regulations set out strict processes which must be followed, as well as remedies available to suppliers. The principles that Officers need to comply with are:
  - a) equal treatment;
  - b) non-discrimination;
  - c) mutual recognition;

- d) proportionality; and
- e) transparency.

8.10. It is recommended that the Further Competition Template documents are used which can be obtained from the Intranet or the Procurement Lead; if template documentation is provided by the Framework/DPS Owner, Officers can make use of this.

8.11. In any case the criteria for selecting the most advantageous submission must be established before call offs submissions are invited and be made clear in the procurement documentation. The call offs must contain (as a minimum):

- a) The goods, services or works to be supplied;
- b) The “where” and “when” they are to be supplied; and
- c) Instructions to bidders:
  - a. Evaluation criteria
  - b. How to respond
  - c. How clarification messages are to be asked (who sent to, any deadlines for messages)
  - d. Information bidders need to include within response
  - e. Deadline for responses (day and time); and
  - f. The terms and conditions to be applied to the call off (as per Framework/DPS guidance document, please use the terms stated; these must be agreed by Legal Services).

In some instances, Officers may need to consider TUPE implications.

8.12. Submissions must be evaluated in line with the Framework/DPS/DM guidance document and the Contract award must be approved as per 2.15 of this document.

8.13. All bidders must be notified of the Award decision simultaneously in writing (via the method used to run the procurement process i.e., email, ProContract or other system used by the Framework/DPS/DM owner) by the Procurement Lead or the Framework/DPS owner), whether or not their bid was successful.

8.14. The contract must be signed/sealed in line with the appropriate Rule, dependent on the total value of the contract.

8.15. Where the Council is using an external framework, and the total value of the contract is £5,000 or above, the resultant contract must be added to the Contract Register to ensure compliance with Transparency Regulations.

8.16. Under PA23 external notices must be published for every call off

8.17. Where the Council has set up a framework, only the framework is necessary to be recorded on the register. It is not necessary to record the individual call-offs from the framework, however external notice must be published for every call off.

8.18. Where a Tendering Agent has managed the procurement on behalf of the Council, the Officer must ensure that the above documents are returned to the Council upon completion of the process.

8.19. These documents should be stored in the Council’s central Procurement filing system in SharePoint

8.20. It is the Officer's responsibility to carry out due diligence on successful suppliers, both at Contract Award, and for the duration of the Contract.

## **9. Creating an internal Framework Agreement**

9.1. Framework agreements set out the general terms under which specific purchases ("call offs") can be made under the agreement. The purpose of using a framework is to enable contracting authorities to award individual contracts without going through a full tender process each time. A framework agreement may be established with one supplier ("single supplier frameworks") or with more than one ("multiple supplier frameworks").

9.2. Under the new Procurement Act, there are now two types of frameworks. Standard Framework and Open Framework

9.3. A standard framework runs for a maximum of 4 Years. Once the Framework has been awarded, it is fixed, and new suppliers cannot be added at a later date.

9.4. An Open Framework can run up to 8 years and can be re-opened periodically throughout the 8 Year duration to allow new bidders to apply to be added.

9.4.1. When running the initial tender for an Open Framework, how the framework will run, how call offs will take place and when the framework will re-open for new bidders must be set out.

9.4.2. The framework must reopen at least once in the first three years of its life and at least every 5 years thereafter

9.4.3. Each time the framework re-opens, there can be no substantial amendments to the scope of terms and no amendments to the award criteria.

9.4.4. If only one supplier bids and is awarded either to the framework or to a specific Lot of the Framework, the Open framework can only run for a maximum of 4 years, thorough market engagement should therefore be conducted to ensure there is a likelihood of more than one bidder.

9.5. The minimum number of suppliers for a multiple supplier framework is two.

9.6. Call-off contracts based on framework agreements may be longer than four years and may extend beyond the expiry date of the framework.

9.7. Under the new Act, an award notice must be published for every call off.

9.8. Framework agreements should be set up to allow for mini competitions to run as the first option for selecting a supplier. Where this is not the case, the Procurement Lead should be consulted.

9.9. As Standard Framework agreements are "closed" for the term, consideration should be given to the impact of this and ensure that the benefits and length of the Framework are justified.

9.10. Formal advice from the Procurement Lead must be sought as early as possible and in any case before any procurement activity takes place. The relevant Rules and Regulations should be followed according to the total potential value of the Framework (the value to be taken into consideration

shall be the maximum estimated value inclusive of VAT of all the contracts envisaged for the total term of the framework agreement). It is the Officer's responsibility to monitor, and track spend against the framework.

- 9.11. Where the Council has set up a framework, details of the framework itself must be recorded on the Council's Contract Register (on ProContract). The estimated value of the framework must be recorded and all of the suppliers associated with the framework must be listed.
- 9.12. Purchase orders raised under the framework must reference the contract reference number so spend against the framework can be monitored.
- 9.13. Where the Council has set up a framework, only the framework is necessary to be recorded on the register. It is not necessary to record the individual call-offs from the framework, however, public award notices must be published for every call off.

## **10. Setting up a Dynamic Market (DM)**

- 10.1. A Dynamic Market (DM) is similar to an electronic framework agreement, with three exceptions, new suppliers can join at any time, it is to be run as a completely electronic process and no direct awards are allowed – mini comps/quotations must be sought for each call off.
- 10.2. Dynamic Purchasing Systems are used exclusively by public sector organisations. They save time and money by being a quick and easy way to access goods, services and works through a compliant route. However, Dynamic Markets can only be used for call-off over the PA233 Threshold.
- 10.3. There is no maximum term for a DM; the period of validity of the DM should be indicated in the call for competition.
- 10.4. All bidders that meet the selection criteria shall be admitted to the DM, and the number of bidders accepted on to the DM shall not be limited.
- 10.5. Formal advice from the Procurement Lead must be sought as early as possible and in any case before any procurement activity takes place. The relevant Rules and Regulations should be followed according to the total potential value of the DPS (the value to be taken into consideration shall be the maximum estimated value net of VAT of all the contracts envisaged for the total term of the DM). It is the Officer's responsibility to monitor, and track spend against the DM.

## **11. Social Value and Sustainability**

- 11.1. Local authorities are required to consider how economic, social, and environmental wellbeing may be improved by services that are to be procured, and how procurement may secure those improvements under the provisions of the Public Services (Social Value) Act 2012.
- 11.2. Social Value and Sustainability refers to approaches which maximise the additional benefits that can be created through the delivery, and procurement of goods and services, above and beyond those directly related to those goods and services themselves.
- 11.3. This covers areas such as:
  - 11.3.1. Health and wellbeing

- 11.3.2. The wider economy
- 11.3.3. Tackling economic inequality
- 11.3.4. Equal opportunity
- 11.3.5. Climate change and the environment
- 11.3.6. Community cohesion and empowerment

11.4. Before starting a procurement process, the Officer should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.

11.5. All Contract with a value above the PA23 threshold must include a Social Value assessment worth 10% of the overall score.

11.6. For below threshold contracts, the Council must consider, in the form of a Social Value appraisal whilst recognising the principle of proportionality.

- a) how what is proposed to be procured might improve the economic, social, and environmental well-being of the relevant area, and
- b) how, in conducting the process of procurement, it might act with a view to securing that improvement.

11.7. The Officer must consult the Procurement Lead for advice on specifying requirements under Social Value, and how to evaluate tenders against these requirements.

11.8. Further support can be provided by the Economic Development team for Social Value and the Sustainability & Climate Change Officer for Sustainability

## **12. Conflicts of Interest**

12.1. Clauses 2.8 and 2.9 define when a conflict of interest must be declared

12.2. For contracts with a total value of between £25,000 and £99,999, all Officers, Members and other stakeholders involved in procuring for the Council sign a Declaration of Interest form at the start of the procurement process. This form is available on the intranet.

12.3. For contracts with a total value of £100,000 or more, all Officers, Members and other stakeholders involved in procuring for the Council must sign a Declaration of Interest Assessment at the start of the procurement process. This process will be managed by Tendering Agent if they support the procurement.

## **13. GDPR and Data Protection Act 2018 Requirements**

13.1. The General Data Protection Regulations and Data Protection Act 2018 impose greater obligations on the Council to protect an individual's information.

13.2. Officers conducting a procurement should ensure that the GDPR screening questions, available from the Procurement Lead, are completed as early as possible in the planning stages of that procurement.

- 13.3. Should any of the GDPR screening questions be answered positively, further advice must be sought from the Procurement Lead and the Council's Data Protection Officer before any further action is taken. A non-disclosure data protection agreement (available from Legal Services) must be entered into either prior to or upon commencement of the Contract.
- 13.4. Officers shall consider the information governance requirements of the contract if they anticipate any Personal Data is to be processed as part of the contract e.g., data protection, security of information, records management.
- 13.5. Where Personal Data may be processed as part of the contract, a Data Protection Impact Assessment, available from the Governance Support Team, shall be completed. This will help the Council identify the most effective way to comply with their data protection obligations and meet individuals' expectations of privacy.
- 13.6. Where requirements are identified by the Data Protection Impact Assessment, the Officer shall ensure that any requirements of contractors are considered and built into the specification and assessed where necessary as part of the evaluation.
- 13.7. Any queries relating to this should be directed to the Council's Data Protection Officer.

#### **14. Freedom of Information**

- 14.1. The Council has specific obligations under the FOI Act 2000, regarding disclosure of information. Officers have an obligation to record and maintain accurate records relating to Contracts, as well as complying with FOI requests.
- 14.2. Bidders should be asked to identify any information they supply that is confidential or commercially sensitive, and detail why they consider this the case. This justification should be considered when responding to FOI requests.
- 14.3. Any queries relating to this should be directed to the Council's Data Protection Officer.

#### **15. Modern Slavery**

- 15.1. The Council is committed to ensuring that modern slavery does not exist within its supply chains.
- 15.2. All procurements with a total value of £100,000 or more are required to include the Standard Selection Question regarding Modern Slavery Act compliance.
- 15.3. Where procurement is considered high risk in terms of modern slavery, for example transport and waste related procurements, additional award questions should be considered with advice from the Procurement Lead.
- 15.4. Where a supplier is required to comply with the Modern Slavery Act, i.e., their turnover is above £36 million, that compliance should form part of the contract management (as per 5.1).

15.5. A Modern Slavery Helpline is available on Tel: 08000 121 700 or online (<https://www.modernslaveryhelpline.org/>). The Helpline provides information and advice about modern slavery, a 24-hour telephone reporting line and an online reporting function through the website

## **16. Safeguarding Provisions in Contracts and Grant Arrangements**

16.1. Any service engaged by the Council should be provided on the basis of agreed terms or a contract. Safeguarding compliance should be included in all arrangements. All services commissioned by the Council must operate within the requirements of the Council's Safeguarding Policy and meet the relevant legislative standards. Where appropriate, procuring officers will need to ensure that contractors demonstrate that they meet these requirements.

16.2. It is expected that the lead officer on any commissioning project be responsible for ensuring that any contract includes proper provision for the safeguarding of children, young people, and adults with care and support needs; this also includes making reasonable requests for evidence from suppliers that the requirements stated in the Safeguarding Policy (where applicable) are in place or ready to be implemented. Where there is any confusion about the need for the inclusion of safeguarding in a contract arrangement clarification and/or advice should be sought from the Safeguarding Lead.

## **17. Bonds and Parent Company Guarantees**

17.1. Officers, when assessing the contractor's financial viability, shall consider whether the Council requires security for due performance of the contract.

17.2. Officers must consult the Section 151 Officer about whether a Bond or Parent Company Guarantee would be necessary where the total value exceeds £500,000. This must be determined prior to any procurement process, so that the requirement can be included in the terms and conditions for the contract.

## **18. Procuring with External Grant Monies**

18.1. Procuring contracts using external grant monies can bring about additional risks to the Council due to additional regulatory requirements in the way the money is controlled and additional scrutiny that the procurement process may receive. Therefore, Officers must be fully aware of all requirements of the relevant funding body and ensure full compliance.

18.2. Officers shall ensure that they engage, in advance of undertaking a procurement activity, with the Procurement Lead, providing full access to any relevant additional guidance.

## **19. Exceptions / Direct Awards**

19.1. Direct Awards are not a substitute for instances where procurement planning has not been exercised, and Officers find themselves with insufficient time to undertake a competitive process. Officers must still consider commercial awareness and achieve value for money.

19.2. Officers must obtain a fully signed Approval to Direct Award form in advance of awarding a contract and must ensure that the actual spend does not exceed the total value stated in the approved form.

19.3. Officers will need to ensure they have the relevant budget approved and available prior to submitting an exception or Direct award or exemption request. This approval will be from the Budget Holder, in accordance with budget authorisation limits (as outlined in the Financial Procedure Rules).

19.4. Signed contracts that have a total value of £5,000 or more must be scanned in and saved to the central procurement SharePoint area and added to the contract register. Officers must then provide Governance with any paper copies of the Contract for the subsequent storage and safe keeping.

19.5. Direct Awards must be approved by the relevant departments' Director or secondary Director in the instance where a Director is initiating the Direct Award themselves, upon completion of the Approval to Direct Award Form subject to one of more of the following criteria being fulfilled:

- No genuine competition: proprietary or patented goods or services; requirement of such a specialist nature that it can genuinely only be fulfilled by one person or organisation; compatibility with existing goods or services is required and where those existing goods or services can only be sourced from the same supplier.
- There is a sound business case and/or an independent review that there is no value for money in running a full procurement process. Supporting evidence will need to demonstrate market testing and enquiries to other suppliers. This must not be used to avoid competition or where decisions to procure have been postponed/left to the last minute and there are insufficient timelines to procure.
- Genuine emergencies: critical preventative or remedial work where there is a real and imminent risk to the safety of people or property arising from hitherto unforeseen 'catastrophic' events or incidents, for example fire, bombing, landslide etc.
- Urgent Situations not of the Council's own making: the urgency must have been reasonably unforeseeable (e.g., existing supplier going into liquidation) and genuinely be a case of time is of the essence. Urgency arising from the Council's own making (e.g., lack of planning) shall not justify an exception. Where this exception is used, a compliant procurement must be implemented as soon as possible.
- Collaborative/Joint Procurement: where another authority/public body is acting as the 'lead buyer' and provided that the Officer can demonstrate those arrangements comply with relevant Regulations and best practice.
- Grants which the Council may receive or make: except where the grant is the form of payment for a contract for services where the Council specifies the output or outcomes to be delivered. The awarding of grants by the Council or on behalf of the Council must be carried out under the principles of openness, fairness, non-discrimination and value for money. Officers cannot choose to treat procurement as a grant in order to avoid conducting a competitive process. **This exception cannot be used if the grant funding guidance states a procurement process must be conducted (such as ERDF funding); Officers must be fully aware of all requirements of the relevant funding**

**body and ensure full compliance.** Please discuss with the Procurement Lead before any exception on this basis is requested.

- An award notice is required on Find a Tender for all Contracts with a total value of £25,000 or above. The Procurement Lead is responsible for such award notices. Officers must formally advise the Procurement Lead of the award details, so that they can publish the award notice.

## APPENDIX 1: DEFINITIONS

Agent(s)	A person or organisation acting on behalf of the Council, or on behalf of another organisation.
Award Criteria	The criteria used by the Council to evaluate a Bidder's submission against the needs identified within the specification to determine the successful tender.
Award Notice	A notice published on FTS (Find a Tender Service) which provides details of the winning bidder and the final value of the contract. Award notices are required for all procurements valued over £25,000
Bidder	An individual or organisation who submits a tender or quotation in a competitive procurement process
Bond	An insurance policy: If the provider does not do what it has promised under a contract with the Council, the Council can claim from the insurer the sum of money specified in the Bond (often 10% of the Total Contract Value). A Bond is intended to protect the Council against a level of cost arising from the provider's failure.
Candidate	An individual or organisation that has sought an invitation or has been invited to take part in a Quote or tender
Conflict of interest	The concept of conflicts of interest shall at least cover any situation where relevant staff members have, directly or indirectly, a financial, economic or other personal interest which might be perceived to compromise their impartiality and independence in the context of the procurement procedure.
Constitution	The Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to make sure these are efficient, transparent and accountable to local people.
Contract	A legal document that states and explains a formal agreement between two different parties.
Contracting Authority	Has the definition contained within the Procurement Act 2023. It means the State, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law, and includes central government authorities, but does not include Her Majesty in her private capacity
Contract management	Is the process of managing contract creation, execution and analysis to maximize operational and financial performance at an organization, all while reducing financial risk.
Contract Register	A register that stores details of the Council's Contracts, including duration and expiry dates. All Contracts with a total value of £5,000 and above must be entered onto the register.
Contract term	Is the length of the contract including the initial term and any extension periods proposed.
Corporate Contract	A contract that has already been let by the Council.
Council	South Kesteven District Council.

Dynamic Purchasing System (DPS)	Is similar to an electronic framework agreement, with two exceptions, new suppliers can join at any time and it is to be run as a completely electronic process.
Electronic Tendering (eTendering)	A secure means to store and transmit all Procurement Documentation via a secure electronic vault (ProContract).
Evaluation	<p>The process of assessing received tenders or quotations against the published criteria to identify the winning bidder, i.e. the bidder with the highest evaluation score.</p> <p>Any subjective evaluation (such as quality) must be carried out independently by a minimum of two evaluators (preferably three), and then moderated by an independent moderator to reach a final agreed score. The evaluators should be fully briefed on the evaluation process. The 'Conflict of Interest Declaration – Confidentiality Agreement' on the procurement portal gives further guidance on evaluation principles and best practice. Procurement Lead can act as the independent moderator but cannot undertake any scoring.</p>
Exception	An act or instance of waiving a right to obey PCR2015 or PA2023.
Extension (contract)	An additional period identified within the contract, beyond the initial term which may be used to lengthen the contract term.
Find a Tender (FTS)	An e-notification service used to post and view mandatory public sector procurement notices.
Framework Agreement	A framework is an agreement with suppliers to establish terms governing contracts that may be awarded during the life of the agreement. It is a general term for agreements that set out terms and conditions for making specific purchases (call-offs).
Goods	Tangible products that satisfy a need.
Initial Term	The initial period of a contract which may be subsequently extended.
Parent Company Guarantee	A contract which binds the parent of a subsidiary company as follows: If the subsidiary company fails to do what it has promised under a contract with the Council, they can require the parent company to do so instead.
Personal Data	Any information relating to an identified or identifiable natural person ('data subject'); an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural, or social identity of that natural person.
Procurement	Procurement is the process of finding, agreeing terms and acquiring goods, services or works from an external source, often via a tendering or competitive bidding process.
Procurement Documentation	The full suite of procurement documents required to undertake a compliant procurement process. Includes (but not limited to); Selection Questionnaire, Specification, Invitation to Tender, Terms and Conditions, TUPE information and Form of Tender.

Public Procurement Procedure	A procurement process where the total value exceeds the relevant Public Procurement Threshold and so governed by the Public Contract Regulations 2015 and the Concessions Contracts Regulations 2016.
Proportionate/Proportionality	Operating in a way that ensures that all aspects of a tender process and contract management including; timescales, specifications, Suitability Criteria, evaluation process and Award Criteria correspond to the size, complexity, risk, and value of the requirements of the procurement and/or contract.
Public Procurement Threshold	The threshold above which a Regulated procedure must be carried out. There are thresholds for goods/services, works and concessions. The current thresholds are contained within Appendix 2.
Publicly available contract	A contract that has been let by another Contracting Authority and which is available for use by the Council. The Council must have been named specifically or generally within the procurement documentation in order to enable access.
Quotation	A formal statement setting out the estimated cost for a particular job or service.
Services	A valuable action, deed, or effort performed to satisfy a need or to fulfil a demand.
Tendering Agent	An organisation acting on behalf of the Council, or on behalf of another organisation, responsible for providing procurement support, including but limited to – - Tendering - Contract Management Procurement Training.

## APPENDIX 2: VARIABLE INFORMATION

The following information is subject to change during the currency of these Contract Procedure Rules and may be updated as changes occur by the relevant Strategic Director.

### Regulation changes

Potential phase out of information relating to the old regulations – Public Contracts Regulations 2015

### Public Procurement Thresholds

The Government has revised the threshold figures, which came into force on 1<sup>st</sup> January 2024. These revised thresholds will not apply to any procurement which commenced prior to the Regulations coming into force.

For current thresholds, please either see intranet or click on the following link –

[Guidance: Thresholds \(HTML\) - GOV.UK](#)

Welland Procurement (Tendering Agent)

Contacts to be found in Procurement Intranet

[www.wellandprocurement.org.uk](http://www.wellandprocurement.org.uk)

### APPENDIX 3 – FTS NOTICE REQUIREMENT SUMMARY

Ref.	Transparency Notices	Requirement
UK1	Pipeline notice	<ul style="list-style-type: none"> <li>• Mandatory (for organisations where spend is £100m+ Per Annum).</li> <li>• 18-month forward-look at planned procurements of £2m+ value only.</li> </ul>
UK2	Preliminary market engagement notice	<ul style="list-style-type: none"> <li>• Mandatory where engagement with the market is anticipated or has taken place (or else explain in tender notice why it hasn't been published).</li> </ul>
UK3	Planned procurement notice	<ul style="list-style-type: none"> <li>• Optional and Best Practice</li> <li>• Advises the market of an upcoming procurement. A qualifying planned procurement notice can reduce tender timescales.</li> </ul>
UK4	Tender notice Including to establish a framework and below-threshold notices	<ul style="list-style-type: none"> <li>• Mandatory (for a competitive procedure)</li> <li>• Publish when undertaking an open or competitive flexible procedure (including to establish a framework contract and procuring using a dynamic market(1)) or procuring a regulated below-threshold contract.</li> </ul>
UK5	Transparency notice	<ul style="list-style-type: none"> <li>• Mandatory (for a direct award)</li> <li>• Publish prior to award when undertaking a direct award.</li> </ul>
UK6	Contract award notice	<ul style="list-style-type: none"> <li>• Mandatory</li> <li>• Publish to communicate the outcome of the procurement and to commence the standstill period prior to awarding a contract under the open or competitive flexible procedure (and voluntary standstill periods for direct awards).</li> </ul>
UK7	Contract details notice	<ul style="list-style-type: none"> <li>• Mandatory</li> <li>• Publish details of the awarded contract (including the contract, for public contracts £5m+), inc. regulated below-threshold contracts above a certain value and those procured by direct award.</li> </ul>
UK8	Contract payment notice	<ul style="list-style-type: none"> <li>• Mandatory</li> <li>• Publish details of payments over £30,000 made under a public contract (quarterly).</li> </ul>
UK9	Contract performance notice	<ul style="list-style-type: none"> <li>• Mandatory</li> <li>• Publish KPI scores for public contracts £5m+ (at least annually). Publish within 30 days of supplier poor performance / breach of contract.</li> </ul>
UK10	Contract change notice	<ul style="list-style-type: none"> <li>• Mandatory</li> <li>• Publish prior to a qualifying modification taking place.</li> </ul>

Ref.	Transparency Notices	Requirement
		<ul style="list-style-type: none"> <li>• for contracts £5m+, include details of the modification.</li> </ul>
UK11	Contract termination notice	<ul style="list-style-type: none"> <li>• Mandatory</li> <li>• Publish when a public contract is terminated / comes to an end</li> </ul>
UK12	Procurement termination notice	<ul style="list-style-type: none"> <li>• Mandatory</li> <li>• Publish where, after publishing a tender or transparency notice, the process is terminated without awarding a contract.</li> </ul>
UK13-16	Dynamic market notices	<ul style="list-style-type: none"> <li>• Mandatory</li> <li>• Publish and update when advertising, establishing, changing or terminating a dynamic market (inc. utilities dynamic markets and qualifying utilities dynamic markets).</li> </ul>
UK17	Payments compliance notice	<ul style="list-style-type: none"> <li>• Mandatory</li> <li>• Publish details of performance against 30-day payment terms (twice annually).</li> </ul>

Further information on notices and requirements can be found: [Module 2: Transparency - GOV.UK](#)

## APPENDIX 4 – APPROVAL DOCUMENTS

All templates can be found in the procurement section of the intranet under Approval Docs -  
<https://skdc.sharepoint.com/:f/r/sites/Procurement/Shared%20Documents/Procurement%20Shared%20Documents/Approval%20Docs?csf=1&web=1&e=UYemJp>

### APPROVAL FOR A CONTRACT EXTENSION

#### Guidance Notes

- In normal circumstances it is only possible to extend a contract where such a provision is included in the original terms and conditions.
- In exceptional circumstances, as set out in 15.3.3 of these Rules it is possible to extend a contract even where there is no provision for such an extension within the original terms and conditions. However, advice must be sought from the Procurement Lead before taking such action.

### EXEMPTION FORM

- a) To be used for Direct Awards under single quotes for anything over the PA23 Threshold which is outside of a framework
- b) Notify Procurement Lead for advice in this instance as public notices must be published

### APPROVAL TO DIRECT AWARD

- a) To be used for Direct Awards either through a framework or without a framework for values between 25K and the relevant Procurement Act Threshold.

#### Direct Awards under an external Framework –

- a) An External framework agreement is a contract let by another contracting authority, usually another Council, or an NHS body or a central purchasing authority (e.g. Crown Commercial Service).
- b) An external framework can only be used if it was originally created by a public sector contracting authority (e.g EEM – created by Nottingham City Council).
- c) The framework agreement must have named the Council as one of its potential users, either generally or specifically.
- d) The framework agreement will have been published with rules and guidance notes; these must be followed in order for the call off contract to be compliant and valid.

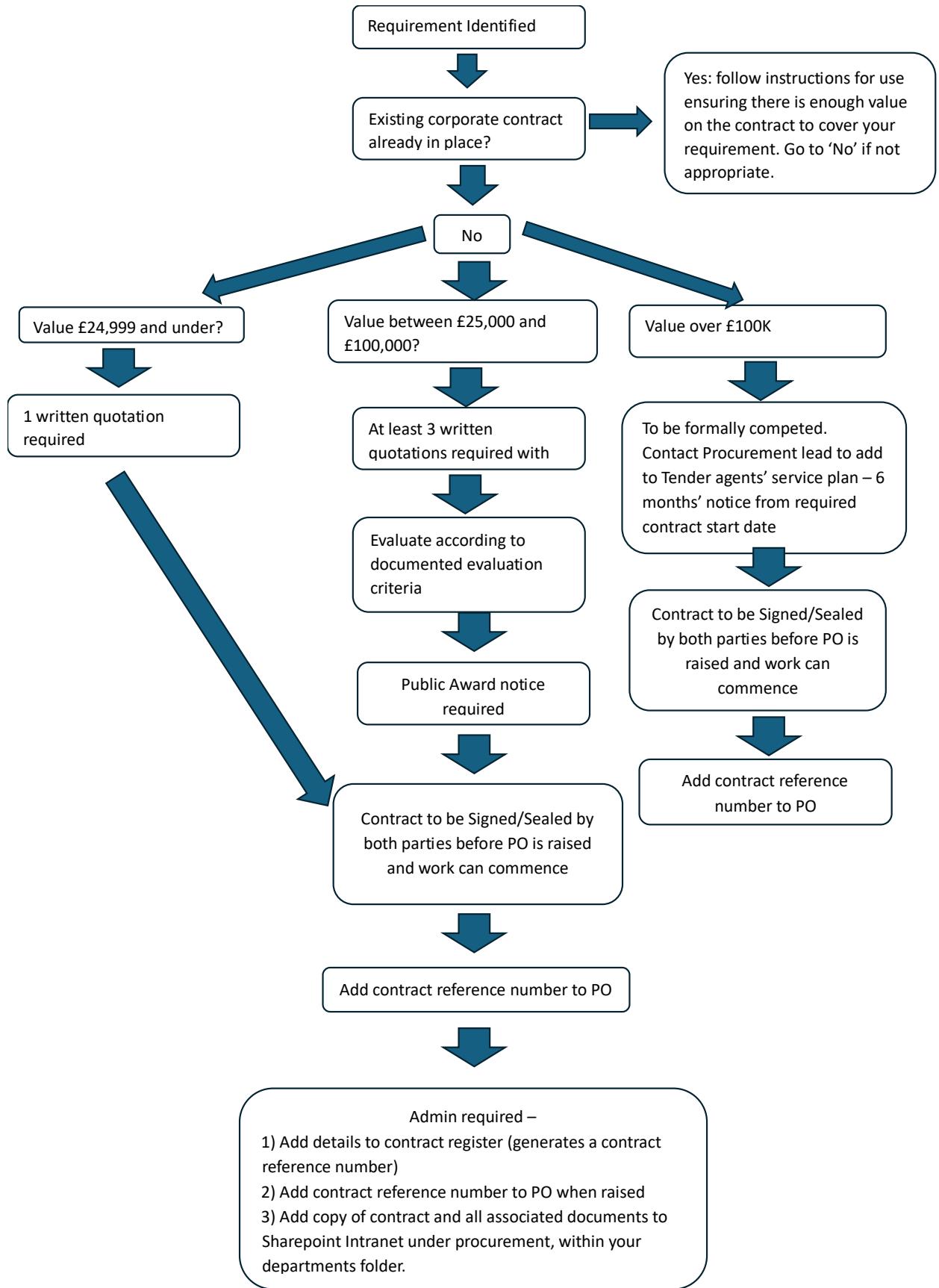
#### Direct Awards without Framework

- a) Approval must be sought before any direct award takes place between 25K and the relevant Procurement Act Threshold
- b) Following approval, please remember to –
  - Publish the contract award notice; and
  - Add your Contract to the Contracts Register.
  - Attach copy of signed contract to Contract Register
  - Save all associated documents on Sharepoint

## APPENDIX 5: ROLES OF PROCUREMENT LEAD AND TENDERING AGENT PROCUREMENT

Procurement Cycle Stage	Role Fulfilment
Needs assessment/business case	Procurement Lead with relevant client officer (this is a key stage in the identification of possible savings, to ensure compliance and that where possible a commercial approach is being taken)
Options analysis	Procurement Lead/Tendering Agent with relevant client officer (for the same reasons as above)
Procurement Plan	Procurement Lead/Tendering Agent (with relevant Council client officer) and with input from the Procurement Lead as necessary.
Market testing/market engagement	Procurement Lead/Tendering Agent (with relevant Council client officer)
Production of procurement documentation including Specification, Request for Quotation an Invitation to Tender documents, Terms and Conditions of Contract	Procurement Lead/Tendering agent (with relevant Council client officer and Legal Services)
Advertising (Contracts Finder and where necessary FTS)	Tendering Agent
Tender Evaluation	Tendering Agent (with relevant Council client officer) Legal Services advice should be sought where any challenge under Procurement Act 2023 is anticipated.
Contract award notices	Tendering Agent
Contract award: contract signing, insertion in to Contract Register and contract management set up	Procurement Lead (with relevant client officer and Legal Services)
Contract Management support	Procurement Lead

## APPENDIX 6: QUICK REFERENCE GUIDE



- Approval to procure is required before procurement commences (via email) AND a decision to award must be obtained before a contract is awarded.
- Contracts valued at £5,000 or more are subject to Transparency Regulations and must be entered on to the Council's Contracts Register (ProContract).
- Quotation Summary should be filled out and saved in the Procurement section of Sharepoint

Total Value	Procurement Guidance	Governance Guidance
<b>Under £24,999</b>	<p><b>Notices Required:</b> None</p> <p><b>Method:</b> At least <b>one written quotation</b> required.</p> <p><b>Note:</b> Budget Holders are responsible for all awards over £5,000 to be entered on the Contracts Register</p>	<p><b>Governance Process:</b> All contracts below £25,000 do not require a formal decision record unless it is deemed high risk, politically or financially sensitive or other circumstances dictate a formal record is required.</p> <p>Decision does not require a formal officer decision notice. The contract should be signed before PO is raised. The Purchase Order (PO) should be raised before award, and this will be deemed sufficient authority to award the contract with a copy of all documentation kept on Sharepoint for audit purposes.</p> <p><b>Finance Process:</b> Must be within budget. A Purchase Order (PO) should be raised before award and authorised in accordance with the Council's Financial Regulations.</p> <p><b>Legal Process:</b> PO Ts &amp; Cs are on the intranet. Please ensure these are fit for purpose for the contract before award. Type of contract to be used must be considered on a case by case basis, depending on the level of risk associated with it. Link to Intranet should be added to PO. If bespoke terms are required, please instruct legal before procuring. PO to be approved / signed by the relevant Head of Service prior to award of the Contract once all due diligence has taken place. All documentation to be stored on Sharepoint for audit purposes. All awards over £5,000 must be entered on the Contracts Register.</p> <p><b>Signing:</b> Can be signed by Head of Service.</p>
<b>Between £25,000 and £99,999</b>	<p><b>Notices Required:</b> All Contracts over £25,000 must have a formal award notice issued (on Contracts Finder)</p> <p><b>Method:</b> At least 3 quotations should be sought using RFQ template with one supplier being local</p>	<p><b>Governance Process:</b> All Contracts between £25,000 and £99,999 will require a decision record authorising the award of the contract <b>BEFORE</b> the Contract is awarded. Democratic Services can provide the relevant template(s). This decision can be made by the relevant Head of Service. If matter is high risk, politically or financially sensitive it should be made by the Director and/or relevant Portfolio Holder – please liaise with your Director for guidance).</p> <p>The contract should be signed before raising the PO.</p> <p><b>Legal Process:</b> Type of contract to be used must be considered on a case-by-case basis, depending on the level of risk associated with it. In most cases, all Works should have a formal contract such as JCT/NEC4 and should be signed before raising the PO.</p> <p><b>Finance process:</b> Must be within budget. A Purchase Order must be raised prior to award and signed off by the Budget Holder. Purchase Order must be authorised in accordance with the Council Financial Regulations.</p>
<b>£100,000 and over</b>	<p><b>Notices Required:</b> Contracts Finder Advertising and Award notices. Procurement Lead must be instructed.</p> <p><b>Method:</b> A formal tender or mini comp is required. Tenders at this level are run via Council's e-tendering system and managed by Tendering Agent.</p>	<p><b>Governance Process:</b> All contracts with a combined value of £100,000 up to the key decision threshold approval must be by the relevant Assistant Director (or Director via an Officer Delegated Decision notice) and must be recorded via an Officer Delegated Decision (ODD).</p> <p><b>Finance process:</b> Must be within budget. Once awarded a Purchase Order must be raised. Purchase Orders must be authorised in accordance with the Council's Financial Regulations.</p> <p><b>Legal Process:</b> Cabinet decision required for any contract over the key decision threshold. Forward Plan timelines to be considered. Contract must be sealed for anything valued over £500,000</p> <p><b>Signing:</b> The Contract must be sealed (Rule 18) – please refer to Legal Services for sealing.</p>

## APPENDIX 7 – TUPE

The provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) apply to a relevant business transfer where the transferor (incumbent supplier) has a dedicated team of employee(s) that carry out the service activity that is to be transferred. In practice this will often apply where a Council service is:

- ‘out-sourced’
- brought back ‘in-house’ / in-sourced
- where a contract that former Council employees are undertaking comes up for renewal and is awarded again to the same supplier or to a new supplier
- transferred from one external organisation to another
- TUPE is also likely to apply where a supplier who has been awarded a contract subsequently awards or sub-contracts all or part of it to another supplier, whilst retaining the contract with the main client

TUPE can apply irrespective of whether there has been a formal procurement exercise or not. Officers must ask the current Supplier whether or not any employee of the Council or of the Supplier may be affected by any transfer arrangement (TUPE). Where this is relevant, the Officer must ensure that the Transfer of Undertaking (Protection of Employment) issues are considered and obtain relevant advice before undertaking the procurement process. This will include liaising with Lincolnshire County Council where any employee of the Council or of the Supplier is a member of the Local Government Pension Scheme (LGPS). Guidance on whether TUPE applies must be referred to Human Resources or Legal services in the first instance, before proceeding, so that the scope of any legal obligations may be identified. If TUPE does apply this must be factored into the procurement strategy / plan and timescales.

Suppliers must seek their own legal guidance on the application of TUPE; the Council must not offer any such advice. The Council’s only involvement with TUPE is to facilitate through the provision of TUPE information; it must not get involved in other TUPE related matters.

‘TUPE Information’ templates are available on the procurement portal. This information will need to be completed by the current supplier which Officers will issue to the market as part of the procurement documentation on which potential suppliers are invited to bid. This information must be gathered prior to going out to market, and Officers would need to review the information to ensure it has been anonymised (TUPE information is confidential – please discuss with the Procurement Lead whether TUPE information should be published with the tender pack, or to individual bidders, subject to the return of TUPE Confidentiality Agreement), and whether or not there are any LGPS (Local Government Pension Scheme) members. Officers can refer to the Procurement Toolkit available on the Procurement Lead portal for guidance on considerations for LGPS members.



Wednesday, 23 July 2025

Report of Councillor Ashley Baxter  
Leader of the Council and  
Cabinet Member for Finance, HR and  
Economic Development

## General Fund Provisional Outturn Report 2024/25

### Report Author

Richard Wyles, Deputy Chief Executive and s151 Officer

✉ [Richard.wyles@southkesteven.gov.uk](mailto:Richard.wyles@southkesteven.gov.uk)

### Purpose of Report

To provide details of the General Fund provisional outturn position for the Financial Year 2024/25. The report covers the following areas:

- Revenue Budget
- Capital Programmes
- Reserves overview

### Recommendations

#### Governance and Audit Committee is asked to:

1. Review and approve the provisional General Fund Revenue and Capital Outturn position for the financial year 2024/25.
2. Review and approve the following reserve movements in respect of the General Fund based on a provisional surplus for 2024/25 financial year end:
  - ICT Reserve increase by £260k
  - Training and Development Reserve increase by £85k
  - Local Priorities Reserve increase by £769k
3. Delegate authority to the Deputy Chief Executive and s151 Officer in consultation with the Cabinet Member for Finance, HR & Economic Development to finalise the reserve movements in order to ensure the Working

**Balance level for the General Fund and the Housing Revenue Account are maintained at prudent levels.**

<b>Decision Information</b>	
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Connecting communities Sustainable South Kesteven Enabling economic opportunities Housing Effective council
Which wards are impacted?	All

## **1. Implications**

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

### ***Finance***

1.1 The financial implications are included within the report.

*Completed by: David Scott, Assistant Director of Finance (Deputy s151 Officer).*

### ***Legal and Governance***

1.2 The terms of reference of the Governance and Audit Committee require the Committee to consider for approval the annual revenue and capital outturn report, including the movement of reserves.

*Completed by: James Welbourn, Democratic Services Manager*

## **2. Background to the Report**

- 2.1 This report provides the Governance and Audit Committee with details of the Council's provisional outturn position for the Financial Year (FY) 2024/25. Throughout the year, the Cabinet and the Finance & Economic Overview and Scrutiny Committee (FEOSC) have been updated via regular and comprehensive budget monitoring reports.
- 2.2 A balanced budget was set for FY2024/25 which provided a solid foundation for the delivery of Council services over the year.
- 2.3 During the financial year, the Council has managed budgets prudently and has been able to redirect funding where necessary to support the objectives set out in the Corporate Plan. A combination of savings and the generation of additional income has enabled the Council to boost its financial resilience. This is particularly important as the Government is currently consulting upon a fundamental Local Government funding review as well as a reset of the Business Rate system. The implementation of these reviews are confirmed for 2026/27 and based on indicative financial modelling both of these reviews are likely to have a significant adverse financial impact on the Council.

## **3. General Fund Revenue Budget 2024/25**

- 3.1 The budget set by Council on 29 February 2024 was **£19.744m**. Budgets have been amended for any supplementary estimates approved in year including carry forwards from the previous year. This has resulted in an increase to the 2024/25 budget to **£23.238m**. For the purposes of the outturn variance analysis, the proposed budget carry forwards and accounting adjustments such as depreciation have been removed which reduces the budget for comparative purposes to **£17.489m** as shown in Table 1 below.
- 3.2 The forecast outturn position has been presented to FEOSC throughout the financial year. The Quarter 3 (Q3) report was presented on 18th February 2025. This report is the final report for FY2024/25 and represents a summary of the outturn compared to the approved budgets.

**Table 1 – General Fund Revenue Outturn Positions (excluding accounting adjustments within Net cost of Service)**

Description	2024/25 Current Budget	2024/25 Current Budget (less proposed Budget C/F and accounting adjustments)	2024/25 Provisional Outturn	Variance to Current Budget	2024/25 Outturn Variance
	£'000	£'000	£'000	£'000	%
Corporate, Governance & Public Protection	4,053	3,951	3,969	18	0.5
Finance, Property & Waste Services	11,575	9,828	10,032	204	2.1
Growth & Culture	8,831	5,038	4,389	(649)	(12.9)
Housing & Projects	1,688	1,581	1,329	(272)	(17.2)
HRA Recharge	(2,942)	(2,942)	(2,942)	0	0
Drainage Rates	947	947	976	29	3.1
Investment Income	(914)	(914)	(1,358)	(444)	(48.65)
<b>Net Cost of Service</b>	<b>23,238</b>	<b>17,489</b>	<b>16,375</b>	<b>(1,114)</b>	<b>(6.7)</b>

3.3 A summary of the key variances are provided in table 2 below:

**Table 2 – General Fund Revenue Outturn significant variances**

Explanation of Significant Variances	£'000
<b>Utilities – Electricity &amp; Gas</b> The budget assumptions that were built into the 2024/25 budget were greater than the actual increases experienced during the year. This, coupled with the rollout of LED lamp upgrades to footway street lighting resulted in a total underspend of (£174k). The lamp upgrades significantly improved energy efficiency with an estimated 75% reduction in energy consumption per upgraded lamp. At the end of March 2025 the LED lamp upgrade programme was 70% complete and is expected to be completed by August 2025.	(174)
<b>Fuel</b> A reduction in fuel price increases has resulted in an overall underspend of £350k for 2024/25. The budget was set using an average unit price of 171p per litre, but actual prices in year have been between 103p and 121p per litre.	(350)

<b>Fees and Charges</b> There are a number of fees and charges budgets which have exceeded budget for a variety of reasons including increased throughput, take up and usage in areas specifically planning fees (£303k), car parking (£182k), the arts centres (£128k) and green waste subscriptions (£59k).	(650)
<b>Property Maintenance</b> A budget of £1m was approved and allocated to the capital programme. However, the stock condition surveys identified urgent remedial works, the majority of which relate to revenue expenditure which has resulted in an overspend of £262k. However, across both capital and revenue there is a net underspend of £220k which will be carried forward to complete ongoing works in 2025/26.	262
<b>Investment Income</b> Higher levels of investment income have resulted from a combination of greater levels of cash balances and higher average interest achieved on those investments (5.0% compared to the 4.75% budget assumption)	(444)

3.4 Appendix A provides details of the significant variances which impacts all Directorates along with supporting information explaining the main variances per service area by Directorate.

3.5 Table 3 provides a summary of the proposed budget carry forwards totalling £1.250m.

**Table 3 – General Fund Revenue Proposed Budget Carry Forwards**

Project	Proposed Budget Carry Forward £'000	Funding	Commentary
Arnhem/Airborne trail, website and projects delivered over an 18 month period	49	2024/25 unspent grant	Request to carry over remaining grant to fund ongoing spend within the 18-month project period
Community Fund applications	21	2024/25 unspent grant	£13k approved schemes payable in 2025/26 and £8k EEM grant received to fund specific expenditure items in 2025/26
Elections Act 2022 requirements	93	£61k 2023/24 unspent grant, £32k 2024/25 grant	Grant received to fund specific expenditure items in 2025/26
ICT Cyber Security	15	2024/25 unspent grant	Grant received to fund specific expenditure items in 2025/26

Maintenance of assets	381	Local Priorities Reserve	Request to carry over remaining budget to meet the cost of works in 2025/26
Depot (revenue)	93	Regeneration Reserve	To contribute towards the decommissioning and remedial works relating to the current Mowbeck Way site
Greening Grantham feasibility project	10	2023/24 unspent grant	Request to carry over remaining grant to fund committed spend in 2025/26
District Local Plan	187	Local plan budget bid not fully spent in year	Request to carry over remaining amount to fund committed spend in 2025/26
Future High Street project (revenue)	206	2024/25 underspend	Request to carry over remaining budget to fund progression of the project in 2025/26
Play Area's Strategy Action Plan for maintenance of play park equipment	32	Local Priorities Reserve	Request to carry over remaining budget to fund ongoing spend in 2025/26
Climate Change projects	76	Climate Change Reserve	Request to carry over remaining budget to complete projects
Rough Sleeper Project	87	2024/25 unspent grant	Request to carry over remaining grant to fund committed spend in 2025/26
<b>TOTAL</b>	<b>1,250</b>		

## 4. General Fund Capital Programme 2024/25

4.1 The budget set by Council on 29 February 2024 for the 2024/25 General Fund Capital Programme was **£20.361m**. Budgets have been amended for any supplementary estimates approved in year including carry forwards from the previous year resulting in an increase to the 2024/25 budget to **£28.610m**. For the purposes of the outturn variance analysis, the proposed budget carry forwards have been removed from this which reduces the budget for comparative purposes to **£17.204m**.

4.2 Table 4 below provides a summary provisional outturn of **£13.780m** resulting in a **£3.424m** underspend on the General Fund Capital Programme for 2024/25. A summary of the significant variances is provided in Appendix B.

**Table 4 – General Fund Capital Outturn Position**

<b>Directorate</b>	<b>2024/25 Current Budget</b> £'000	<b>2024/25 Budget (less C/F approved by Council February 2025 and proposed Budget C/F)</b> £'000	<b>2024/25 Provisional Outturn</b> £'000	<b>2024/25 Outturn Variance</b> £'000
Corporate, Governance & Public Protection	1,936	1,936	1,743	(193)
Finance, Property & Waste Services	15,143	6,534	5,916	(618)
Growth & Culture	7,451	7,478	4,748	(2,730)
Housing & Property	4,080	1,256	1,373	117
<b>Total Expenditure</b>	<b>28,610</b>	<b>17,204</b>	<b>13,780</b>	<b>(3,424)</b>
<b>Financed By:</b>				
Capital Grants & Contributions	14,269	10,594	8,450	(2,144)
Reserves	3,375	2,242	1,952	(290)
Useable Capital Receipts	2,166	1,235	766	(469)
Borrowing	8,800	3,133	2,612	(521)
<b>Total Financing</b>	<b>28,610</b>	<b>17,204</b>	<b>13,780</b>	<b>(3,424)</b>

4.3 Table 5 provides a summary of the proposed capital budget carry forwards totalling **£2.542m**.

**Table 5 – General Fund Capital Proposed Budget Carry Forwards**

<b>Project</b>	<b>Proposed Budget Carry Forward £'000</b>	<b>Funding</b>	<b>Commentary</b>
Disabled Facilities Grant	244	Housing Delivery Reserve	Completion of works committed in 2024/25
CCTV Infrastructure Improvements	95	Local Priorities Reserve	Continuation of the project
Vehicle Replacement Programme	261	Local Priorities Reserve	Underspend to support the 2025/26 programme
Construction of new Depot	521	Internal borrowing	Continuation of the project
Future High Street Fund	1,539	Grant	Continuation of the approved projects
Coronation Orchards	33	Grant	Continuation of the project
Cattle Market*	(150)	Local Priorities Reserve	Project ahead of schedule as at 31 March 2025 reducing the available budget carry forward that was previously agreed by Council in February 2025.
<b>TOTAL</b>	<b>2,542</b>		

## 5 General Fund Reserves 2024/25

5.1 An integral element of the closedown procedure is to undertake a review of the usage and levels of the Council's reserves and balances. The financial statements reflect the proposed use of these and specific details of the significant balances and reserves are set out below and detailed at Appendix C.

**Table 6 – General Fund Reserves Outturn Position**

Description	Actual Balance as at 31 March 2024 £'000	Provisional Movement £'000	Provisional Balance as at 31 March 2025 £'000
<b>Revenue Reserve</b>			
Discretionary Reserves	11,059	1,954	13,013
Governance Reserves	5,244	(191)	5,053
Grants	2,269	1,258	3,527
Working Balance *	6,675	(4,475)	2,200
<b>Total GF Revenue Reserves</b>	<b>25,247</b>	<b>(1,454)</b>	<b>23,793</b>
<b>GF Capital Reserve</b>			
Capital Reserves	3,855	707	4,562
<b>Total GF Reserves</b>	<b>29,102</b>	<b>(746)</b>	<b>28,355</b>

\* Provisional outturn pending completion of year end accounting entries

5.2 It is recommended that the provisional revenue underspend of **£1.114m** is allocated to the following reserves:

- ICT reserve – increase by **£260K** to replenish the level of the ICT Reserve to meet future ICT related expenditure.
- Training and Development Reserve – increase by **£85K** to support ongoing development of staff and members as identified through training development plans.
- Local Priorities Reserve – increase by **£769k** to support ongoing priority projects.

5.3 Discretionary Reserves – Some of the key movements included are:

- **£91k** expenditure on climate change initiatives.
- **£1.852m** net increase on the Local Priorities Reserve following movements from the working balance and closing down of the Business Rate Volatility Reserve, partly offset by funding of various corporate initiatives in year including capital.
- **£100k** transfer to Flood Reserve
- **£481k** Invest to Save to contribute towards the LED footway lighting replacement scheme
- **£333k** repayment of LLEP (Lincolnshire Local Enterprise Partnership) funding.
- **£83k** from the Property Maintenance reserve to support revenue related property expenditure.

- **£51k** from the Regeneration Reserve as match funding for the Future High Street project.
- New Homes Bonus funding of **£564k** was added to the Local Priorities Reserve.

5.4 Governance Reserves – Significant movements included:

- Council approved the removal of the Business Rate Volatility Reserve and the transfer of the **£1.291m** balance into the Local Priorities Reserves. These two reserves have been consolidated to ensure there is sufficient funding in place to reach a balanced position for 2026/27.
- During the year the current projection for the Working Balance is higher than required so **£4m** has been transferred into other reserves, specifically **£1m** transfer into the Budget Stabilisation Reserve and the remaining **£3m** to the Local Priorities Reserve. This will bolster these two important reserves.

5.5 Grants - The net movement in the Grant Reserve is an increase of **£1.258m** which is made up primarily of the following movements in year:

- Additional **£356k** transferred in to support homelessness prevention.
- **£1.651m** added regarding funding for the upcoming food waste implementation to be spent in 2025/26.
- Spend of **£689k** on UKSPF projects during 2024/25.

5.6 The balance on the Capital Reserves at 31 March 2025 is **£4.563m** after taking into account **£766k** used to finance capital expenditure in year and **£1.473m** added into the reserve from the sale of Council assets as summarised below:

- Land at Stonebridge Road Grantham **£538k**
- Industrial Unit at Hollis Road Grantham **£237k**
- Trent Road Grantham Nursery **£410k**
- Former Offices at Sheep Market, Stamford **£250k**
- Receipts from sales of end-of-life vehicles **£39k**

## 6. 2024/25 Statement of Accounts Update

6.1 The preparation of the 2024/25 Statement of Accounts is underway and the Council has received a positive draft Value for Money opinion which was presented to the June meeting of this Committee. However, it was highlighted that the Council was anticipating the end of June deadline for the publication of the draft Statement of Accounts would not be met. This is primarily due to: further work being undertaken to provide further information relating to the Council's data on Plant, Property and Equipment; together with the implementation of the Council's new finance system which has impacting on staffing capacity.

6.2 The Council will continue to keep update KPMG on progress but the current anticipated timescales are likely to result in draft accounts being ready during August. Nevertheless, it is still expected that the statutory deadline of 31<sup>st</sup> March 2026 for the production of the audited accounts will be achieved.

## **7. Reasons for the Recommendations**

7.1 It is important that members are aware of the financial position of the General Fund to ensure they can make informed decisions that are affordable and financially sustainable for the Council. Effective budget management is critical to ensuring financial resources are spent in line with the budget and are targeted towards the Council's priorities.

7.2 This report provides an overview of the provisional General Fund outturn financial position for 2024/25.

## **8. Other Options Considered**

8.1 The terms of reference of the Governance and Audit Committee require the Committee to consider the annual revenue and capital outturn report, including the movement of reserves. Therefore the option of not producing a provisional outturn report was discounted.

8.2 In order to ensure the necessary budgets are in place to support service delivery a delegation has been requested to action the approved carry forwards.

## **9. Consultation**

9.1 The Outturn report is presented to the Governance & Audit Committee and will also be presented to the Finance & Economic Overview and Scrutiny Committee on 24 July 2025 in order that the Committee has the opportunity to provide feedback to Cabinet for consideration at its meeting on 9 September 2025.

## **10. Appendices**

10.1 Appendix A – 2024/25 General Fund Significant Variance Analysis

10.2 Appendix B – 2024/25 General Fund Capital Programme – Outturn

10.3 Appendix C – 2024/25 General Fund Reserves Statement

## APPENDIX A - 2024/25 General Fund Revenue Significant Variance Analysis

<b>Corporate, Governance &amp; Public Protection</b>					
<b>Service Area</b>	<b>2024/25 Current Budget</b>	<b>2024/25 Current Budget (less proposed Budget C/F and accounting adjustments)</b>	<b>2024/25 Provisional Outturn</b>	<b>Varianc e to Current Budget</b>	<b>2024/25 Outturn Variance</b>
	£	£	£	£	%
Corporate Management	497,750	497,750	573,003	75,253	15.1
Human Resources & Organisational Development	467,450	467,450	445,498	(21,952)	(4.7)
Legal & Democratic	1,666,550	1,573,050	1,554,696	(18,354)	(1.2)
Public Protection	1,421,200	1,412,900	1,395,739	(17,161)	(1.2)
<b>Total</b>	<b>4,052,950</b>	<b>3,951,150</b>	<b>3,968,936</b>	<b>17,786</b>	<b>0.5</b>

<b>Explanation of Significant Variances</b>	<b>£'000</b>
<b>Corporate Management</b> Additional capacity given to the Corporate Management support, these additional costs have been met from the overall savings from the staffing budget.	<b>75</b>
<b>Legal &amp; Democratic</b> • Underspend relating to members allowances and expenses (£55k) due to some members having overlap with Special Responsibility's Allowance reduced travel expenditure • Legal fees £74k – additional costs for member complaints / code of conduct	<b>(18)</b>
<b>Public Protection</b> • In year vacancies within the Environmental Protection team have resulted in an underspend of (£37k). • Additional legal fees have been incurred resulting in an overspend of £16k	<b>(17)</b>

<b>Finance, Property &amp; Waste Services</b>					
<b>Service Area</b>	<b>2024/25 Current Budget</b>	<b>2024/25 Current Budget (less proposed Budget C/F and accounting adjustments)</b>	<b>2024/25 Provisional Outturn</b>	<b>Variance to Current Budget</b>	<b>2024/25 Outturn Variance</b>
	£	£	£	£	%
Community Engagement	334,900	264,900	197,139	(67,761)	(25.6)
Finance	1,711,005	1,672,005	1,934,559	262,554	15.7
Finance Management	273,900	273,900	319,110	45,210	16.5
ICT Services	1,752,760	1,681,160	1,814,841	133,681	7.8
Property Services	2,896,685	1,982,885	2,156,713	173,828	8.8
Revenues, Benefits, Customer & Community Services	785,750	781,750	707,317	(74,433)	(9.5)
Waste Depot	93,000	0	0	0	0
Waste & Markets	3,726,550	3,171,750	2,902,441	(269,309)	(8.5)
<b>Total</b>	<b>11,574,550</b>	<b>9,828,350</b>	<b>10,032,120</b>	<b>203,770</b>	<b>2.1</b>

<b>Explanation of Significant Variances</b>	<b>£'000</b>
<b>Community Engagement</b> There has been a reduction in requests for grants from the Community Fund as other sources of funding have been available, resulting in an underspend.	<b>(68)</b>
<b>Finance</b> <ul style="list-style-type: none"> <li>£32k on external audit fees for additional work undertaking regarding the closure of accounts process including dealing with new accounting standards.</li> <li>£59k increase on Insurance premiums increase based on previous claims history and general inflationary impact within the insurance markets.</li> <li>£98k relating to implementation of the new finance system.</li> <li>£58k cost for expected corporate recharge relating to Change for Lincs project which didn't materialise as expected.</li> </ul>	<b>263</b>
<b>Finance Management</b> Interim cover for the Assistant Director vacancy in year resulted in an overspend of £45k	<b>45</b>
<b>ICT Services</b> Additional costs for a software extension and new invoice scanning software during the transition to the new finance system have resulted in an overspend of £152k. Additional Power BI licences purchased have resulted in an overspend of £20k. An in year vacancy resulted in a saving of (£21k)	<b>134</b>

<b>Property Services</b>	<b>173</b>
<ul style="list-style-type: none"> <li><b>Property Maintenance</b> - A budget of £1m was approved and allocated to the capital programme. However, the stock condition surveys identified urgent remedial works, the majority of which relate to revenue expenditure which has resulted in an overspend of £262k. However, overall across both capital and revenue there is a net underspend of £220k which will be carried forward to complete ongoing works in 2025/26.</li> <li><b>Car Parking Income</b> – Additional income of (£182k) has been received across all car parks. This takes into account the income loss of £26k resulting from the introduction of Christmas free parking in Grantham and Stamford during December 2024. Lower income budgets had originally been set for 2024/25 when there was uncertainty with respect to the introduction of new tariffs that were being considered at that time.</li> </ul>	
<b>Revenues, Benefits, Customer &amp; Community Services</b>	<b>(74)</b>
In year vacancies resulted in a saving of (£58k)	
<b>Waste &amp; Markets</b>	<b>(269)</b>
<ul style="list-style-type: none"> <li>Additional green waste income of (£59k) has been received with 30,483 households renewing their subscription for 2024/25 (30,575 in 2023/24) and 648 new households joining the service.</li> <li>The majority of the underspend relates to savings on fuel costs.</li> </ul>	

<b>Growth &amp; Culture</b>					
<b>Service Area</b>	<b>2024/25 Current Budget</b>	<b>2024/25 Current Budget (less proposed Budget C/F and accounting adjustments)</b>	<b>2024/25 Provisional Outturn</b>	<b>Variance to Current Budget</b>	<b>2024/25 Outturn Variance</b>
	£	£	£	£	%
Arts & Culture	1,704,700	784,100	703,692	(80,408)	(10.2)
Building Control	97,483	96,883	31,679	(65,204)	(67.3)
Communications	309,700	309,700	257,625	(52,075)	(16.8)
Culture & Leisure Management	168,700	168,700	165,516	(3,184)	(1.9)
Development & Policy	694,540	496,240	105,916	(390,324)	(78.6)
Economic Development	269,305	57,805	110,839	53,034	91.7
Growth Management	367,500	367,500	396,344	28,844	7.8
Leisure	2,550,950	430,550	441,021	10,471	2.4
Parks & Open Spaces	704,100	583,000	502,825	(80,175)	(13.8)
Street Scene	1,963,650	1,743,950	1,673,928	(70,022)	(4.0)
<b>Total</b>	<b>8,830,628</b>	<b>5,038,428</b>	<b>4,389,385</b>	<b>(649,043)</b>	<b>(12.9)</b>

<b>Explanation of Significant Variances</b>	<b>£'000</b>
<b>Arts &amp; Culture</b> Increases in room hire, lettings and theatre hire along with increases in admissions income across Guildhall Arts Centre, Stamford Arts Centre and Bourne Corn Exchange have resulted in additional income of (£128k). This has been partly offset by the costs of bar stock at Stamford Arts which was under budgeted for by £21k.	<b>(80)</b>
<b>Building Control</b> SKDC's share of the saving made due to the net effect of a revised staffing structure, in year vacancies and fee income reductions.	<b>(65)</b>
<b>Communications</b> Savings of (£49k) have been made through a staffing restructure with graphic design work being outsourced when required	<b>(52)</b>
<b>Development &amp; Policy</b> <ul style="list-style-type: none"> <li>Planning Fee Income – There has been a national decline of 14% in the number of planning applications submitted and this has been reflected locally. However, a number of major applications for solar farms with significant fees has resulted in income above budget (£303k)</li> <li>Planning Policy in year vacancies have resulted in an underspend of (£28k)</li> <li>Biodiversity Net Gain Grant was received for (£19k)</li> </ul>	<b>(390)</b>
<b>Economic Development</b> Software and licences for visitor insight and monitoring were purchased at a cost of £18k in year. Alongside this there were a number of other additional costs across the service.	<b>53</b>
<b>Parks and Open Spaces</b> <ul style="list-style-type: none"> <li>Income losses were incurred from cancellation of events due to bad weather £10k and a reduction in purchase of grave plots and rights of burial £12k.</li> <li>Inspections of play park equipment resulted in an overspend of £25k</li> </ul>	<b>(80)</b>
<b>Street Scene</b> <ul style="list-style-type: none"> <li>There have been in year vacancies (£103k) due to staff turnover and savings agreed in year to fund the loss of income from external contract work £40k.</li> <li>The remaining part of the underspend relates to fuel costs.</li> </ul>	<b>(70)</b>

<b>Housing &amp; Projects</b>					
<b>Service Area</b>	<b>2024/25 Current Budget</b>	<b>2024/25 Current Budget (less proposed Budget C/F and accounting adjustments)</b>	<b>2024/25 Provisional Outturn</b>	<b>Variance to Current Budget</b>	<b>2024/25 Outturn Variance</b>
	£	£	£	£	%
Centralised & Business Support	501,221	501,221	483,496	(17,725)	(3.5)
Corporate Projects & Performance	539,629	519,629	451,959	(67,670)	(13.0)
Health & Safety	146,000	146,000	154,424	8,424	5.8
Housing Services	501,350	414,350	219,203	(195,147)	(47.1)
<b>Total</b>	<b>1,688,200</b>	<b>1,581,200</b>	<b>1,309,082</b>	<b>(272,118)</b>	<b>(17.2)</b>

<b>Explanation of Significant Variances</b>	<b>£'000</b>
<b>Corporate Projects &amp; Performance</b> <ul style="list-style-type: none"> <li>There have been savings for in year vacancies related to the Project officer/Business Support Team Leader posts (£24k)</li> <li>The post of the Tree officer has been vacant for part of the year resulting in a saving (£25k).</li> <li>Additional income has been received in year from the Electric charging points following a number of new units installed during 2024/25 (£22k)</li> </ul>	<b>(68)</b>
<b>Housing Services – General Fund</b> <ul style="list-style-type: none"> <li>Government grant has been received (£303k) to support homelessness delivery which has been spent on additional staffing £105k and increased emergency accommodation costs £126k resulting a net underspend of (£72k).</li> <li>The level of bad debt provision has reduced (£74k) due to the overall level Council debt being lower at the financial year end.</li> </ul>	<b>(195)</b>

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## APPENDIX B – 2024/25 GENERAL FUND CAPITAL PROVISIONAL OUTTURN ANALYSIS

<b>Finance, Property &amp; Waste Services</b>					
Project	2024/25 Current Budget	2024/25 Current Budget (less Budget Carry Forward approved at Council Feb 25)	2024/25 Provisional Outturn (less Accounting Adjustments)	Variance to Current Budget	2024/25 Outturn Variance
Vehicle Replacement Programme	1,151	1,151	890	(261)	(22.7%)
M & E Replacement	250	250	0	(250)	(100.0%)
Depot	8,800	3,133	2,612	(521)	(16.6%)
<b>Total</b>	<b>10,201</b>	<b>4,534</b>	<b>3,502</b>	<b>(1,032)</b>	<b>(22.8%)</b>

<b>Explanation of Significant Variances (before budget carry forwards)</b>	<b>£'000</b>
<b>Vehicle Replacement Programme</b> There have been unavoidable delays in procuring some of the waste freighter vehicles whilst the final specification was agreed so all the anticipated spend was not incurred by 31 <sup>st</sup> March 2025. A budget carry forward has been requested.	(261)
<b>Mechanical &amp; Electrical Works</b> The corporate assets Condition Surveys have identified a programme of necessary remedial works which have been undertaken during the financial year. However, due to the nature of the works, they are to be treated as revenue (rather than capital) expenditure leading to underspend in the capital programme.	(250)
<b>Depot</b> Construction of the new depot is now underway with works on target for the completion date of November 2025. A budget carry forward has been requested. This carry forward request is in addition to the carry forward approved by Council in February 2025.	(521)

<b>Growth &amp; Culture</b>					
Project	2024/25 Current Budget	2024/25 Current Budget (less Budget Carry Forward approved at Council Feb 25)	2024/25 Provisional Outturn (less Accounting Adjustments)	Variance to Current Budget	2024/25 Outturn Variance
Future High Street Fund	4,817	4,817	3,278	(1,539)	(31.9%)
<b>Total</b>	<b>4,817</b>	<b>4,817</b>	<b>3,278</b>	<b>(1,539)</b>	<b>(31.9%)</b>

<b>Explanation of Significant Variances (before budget carry forwards)</b>	<b>£'000</b>
<b>Future High Street Fund</b> Grantham town centre enhancement projects at Station Approach and the Market Place have now been completed. The cost of these works has totalled £2.888m. Approval has been granted that will allow the programme to continue into 2025/26. A budget carry forward of the remaining grant allocation has been confirmed by Government requested.	<b>(1,539)</b>

### **Reserves Forecast - General Fund**

## **GENERAL FUND RESERVES FORECAST 2024/25**

		Actual Balance	Fcast movement	Fcast Balance						
		as at		as at		as at		as at		as at
		31 March 2024		31 March 2025		31 March 2026		31 March 2027		31 March 2028
		£'000		£'000		£'000		£'000		£'000
<b>General Fund</b>										
	<b>Discretionary Reserves</b>									
1	Climate Change	421	(91)	330	170	500	0	500	0	500
2	Training and Development	15	85	100	0	100	0	100	0	100
3	Street Scene	296	(10)	286	0	286	0	286	0	286
4	ICT Investment	251	231	482	(232)	250	0	250	0	250
5	Local Priorities Reserve	5,803	2,621	8,424	(3,907)	4,517	(1,968)	2,549	(1,580)	96
6	Market Reserve	0	0	0	50	50	0	50	0	5
7	Invest to Save	803	(481)	322	(56)	266	0	266	0	26
8	Housing Delivery	418	130	548	(244)	304	0	304	0	30
9	Property Maintenance	1,178	(298)	880	1,572	2,452	0	2,452	0	2,452
10	A1 Litter	60	(13)	47	(47)	0	0	0	0	0
11	Leisure & Community Reserve	200	0	200	100	300	0	300	0	300
12	Leisure	850	0	850	0	850	0	850	0	850
13	Waste Services Reserve (pEPR)	0	0	0	837	837	0	837	0	837
14	Regeneration	764	(220)	544	(426)	118	0	118	0	118
		<b>11,059</b>	<b>1,954</b>	<b>13,013</b>	<b>(2,183)</b>	<b>10,830</b>	<b>(1,968)</b>	<b>8,862</b>	<b>(1,580)</b>	<b>7,28</b>
	<b>Governance Reserves</b>									
15	Insurance Reserve	211		211		211		211		211
16	Pensions Reserve - Former Employees	244	(31)	213	(31)	182	(31)	151	(31)	12
17	Budget Stabilisation	2,881	1,000	3,881	(250)	3,631	0	3,631	0	3,631
18	Business Rates Volatility	1,291	(1,291)	0	0	0	0	0	0	0
19	Rev Grants cfwd	164	(45)	119	(10)	109	0	109	0	109
20	Building Control	62	21	83	(30)	53	(27)	26	(26)	
21	Football 3G Pitch	175	25	200	25	225	25	250	25	27
22	Special Expense Area Reserve	186	50	236	186	422	198	620	210	83
23	Flood Reserve	30	80	110	0	110	0	110	0	110
		<b>5,244</b>	<b>(191)</b>	<b>5,053</b>	<b>(110)</b>	<b>4,943</b>	<b>165</b>	<b>5,108</b>	<b>178</b>	<b>5,28</b>
23	<b>Total General Revenue Reserves</b>	<b>16,302</b>	<b>1,764</b>	<b>18,066</b>	<b>(2,293)</b>	<b>15,773</b>	<b>(1,803)</b>	<b>13,970</b>	<b>(1,402)</b>	<b>12,56</b>
24	<b>Government Grants Received</b>	<b>2,269</b>	<b>1,258</b>	<b>3,527</b>	<b>(1,399)</b>	<b>2,128</b>	<b>0</b>	<b>2,128</b>	<b>0</b>	<b>2,12</b>
25	<b>Working Balance</b>	<b>6,675</b>	<b>(4,475)</b>	<b>2,200</b>	<b>0</b>	<b>2,200</b>	<b>(866)</b>	<b>1,334</b>	<b>(1,071)</b>	<b>26</b>
26	<b>Total Revenue Reserves</b>	<b>25,246</b>	<b>(1,454)</b>	<b>23,793</b>	<b>(3,692)</b>	<b>20,101</b>	<b>(2,669)</b>	<b>17,432</b>	<b>(2,473)</b>	<b>14,95</b>
	<b>Capital Reserve</b>									
27	General Fund Capital Reserve	52	0	52	0	52	0	52	0	5
28	Useable Capital Receipts Reserve	3,803	707	4,510	(1,804)	2,706	(861)	1,845	(917)	92
29	<b>Total Capital Reserves</b>	<b>3,855</b>	<b>707</b>	<b>4,563</b>	<b>(1,804)</b>	<b>2,759</b>	<b>(861)</b>	<b>1,898</b>	<b>(917)</b>	<b>98</b>
30	<b>Total General Fund Reserves</b>	<b>29,101</b>	<b>(746)</b>	<b>28,356</b>	<b>(5,496)</b>	<b>22,860</b>	<b>(3,530)</b>	<b>19,330</b>	<b>(3,390)</b>	<b>15,94</b>

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Wednesday, 23 July 2025

Report of Councillor Ashley Baxter -  
The Leader of the Council, Cabinet  
Member for Finance, HR and Economic  
Development

# Housing Revenue Account Provisional Outturn Report 2024/25

### Report Author

Richard Wyles, Deputy Chief Executive and s151 Officer

 [Richard.wyles@southkesteven.gov.uk](mailto:Richard.wyles@southkesteven.gov.uk)

### Purpose of Report

This report provides the Governance and Audit Committee with the details of the Housing Revenue Account (HRA) outturn position for the financial year 2024/25. The report covers the Revenue Budget, Capital Programmes and Reserves overview.

### Recommendations:

**Governance and Audit Committee is asked to:**

- 1. Review and approve the provisional HRA Revenue and Capital Outturn position for the financial year 2024/25.**
- 2. Review and approve the following revenue reserve movements in respect of the Housing Revenue Account:**
  - Transfer £400k from the HRA Priorities Reserve to the HRA Climate Change Reserve**
  - Transfer £1m from the HRA Priorities Reserve to create a HRA Reactive Repairs Reserve**
  - Transfer £2m from the HRA Priorities Reserve to the Major Repairs Reserve**
- 3. Delegate authority to the Deputy Chief Executive and s151 Officer, in consultation with the Cabinet Member for Finance, HR & Economic Development, to finalise the reserve movements in order to ensure the Working Balance level for the Housing Revenue Account are maintained at prudent levels**

Decision Information	
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Connecting communities Sustainable South Kesteven Enabling economic opportunities Housing Effective council
Which wards are impacted?	All

## 1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

### ***Finance***

1.1 The financial implications are included within the report.

Completed by: David Scott, Assistant Director of Finance (Deputy s151 Officer).

### ***Legal and Governance***

1.2 The terms of reference of the Governance and Audit Committee require the Committee to consider for approval the annual revenue and capital outturn report, including the movement of reserves.

Completed by: James Welbourn, Democratic Services Manager

## 2. Background to the Report

2.1 This report provides the Governance and Audit Committee with detail of the Council's provisional outturn position for the financial year 2024/25. Throughout the financial year both Cabinet and the Finance & Economic Overview and Scrutiny Committee have been provided with regular and comprehensive budget monitoring reports that has 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.

2.2 During the course of the financial year, the HRA budgets have 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.

### 3. HRA Revenue Budget 2024/25

3.1 The budget set by Council on 29 February 2024 resulted in a surplus of £7.004m. This surplus is used to provide funding for the external loan and to enable reserve levels to be maintained that subsequently fund the capital programme and service improvements. For the purposes of the outturn variance analysis the budget carry forwards have been removed and the actual surplus for the year is £5.674m, resulting in an overspend of £1.314m as part of the continued investment in addressing the backlog of repairs and ensuring statutory compliance.

3.2 Table 1 shows the HRA revenue outturn position for 2024/25 and shows the variance comparison between budget and provisional outturn.

**Table 1 – HRA Revenue Outturn Position 2024/25**

Description	2024/25 Current Budget	2024/25 Current Budget (less proposed budget c/f)	2024/25 Provisional Outturn	2024/25 Variance
	£'000	£'000	£'000	£'000
<b>Expenditure</b>				
Repairs and Maintenance	11,190	11,190	13,528	2,338
Supervision and Management – General	2,663	2,663	2,895	232
Supervision and Management – Special	1,964	1,964	1,824	(140)
Depreciation and Impairment of Fixed Assets *	4,062	4,062	4,062	0
Debt Management Expenses	35	35	38	3
Provision for bad debts	201	201	380	179
Support recharge to the General Fund	2,942	2,942	2,942	0
<b>Total Expenditure</b>	<b>23,057</b>	<b>23,057</b>	<b>25,669</b>	<b>2,612</b>
<b>Income</b>				
Dwelling Rents	(28,916)	(28,916)	(29,374)	(458)
Non-Dwelling Rents	(356)	(356)	(284)	72
Charges for Services and Facilities	(721)	(721)	(1,037)	(316)
Other Income	(17)	(17)	(33)	(16)
<b>Total Income</b>	<b>(30,010)</b>	<b>(30,010)</b>	<b>(30,728)</b>	<b>(718)</b>

<b>Net Cost of HRA Services</b>	<b>(6,953)</b>	<b>(6,953)</b>	<b>(5,059)</b>	<b>1,894</b>
Interest Payable and Similar Charges	2,140	2,140	2,138	(2)
Interest and Investment Income*	(2,099)	(2,099)	(2,627)	(528)
Investment Property Inc & Exp *	0	0	(46)	(46)
Reserve Funding	(100)	(100)	(87)	13
Accumulated Absences	0	0	7	7
<b>HRA (Surplus)/Deficit</b>	<b>(7,012)</b>	<b>(7,012)</b>	<b>(5,674)</b>	<b>1,338</b>

\*Provisional outturn pending completion of year end accounting entries

3.3 Appendix A provides details of the significant variances which impact across the HRA with supporting information explaining the main variances across the Expenditure and Income headings that result in a net cost overspend of £1.894m.

3.4 During the financial year, there has been significant expenditure in repairs and maintenance which has led to an overspend of £2.3m. This expenditure has enabled the Council to reduce the backlog of repairs and to remedy damp and mould cases. Material costs have also increased above standard inflation, in some cases as high as 15% together with the increase in productivity has also contributed towards this overspend. There has also been an increased focus to decrease void turnaround times which has contributed towards this overspend but this has led to increased rent receipts of £458k and reduced void times which reduced from 136 days to 79 days. This overspend has reduced the overall budgeted surplus for the HRA and it is proposed that the overspend is funded from the Priorities Reserve in order to protect the Major Repairs Reserve.

3.5 There has also been some further movement below the net cost service in relation to increased investment income returns of £528k due to the average rate of return being above 5% throughout the majority of the year compared with the budgeted rate of 4%.

#### **4. HRA Capital Programme 2024/25**

4.1 The budget set by council on 29 February 2024 for the 2024/25 HRA Capital programme was £21.315m. Budgets have been amended as projects have commenced and these changes increased the 2024/25 budget to £27.207m. For the purposes of the outturn variance analysis, the proposed budget carry forwards of £842k have been removed from this which reduces the budget for comparative purposes to £24.365m as summarised in Table 2 below. Appendix B provides a further commentary on the significant variances across the HRA capital programme for 2024/25.

**Table 2 – HRA Capital Outturn Position**

Capital Scheme	2024/25 Current Budget £'000	2024/25 Budget (less C/F approved by Council February 2025 and less proposed Budget C/F) £'000	2024/25 Provisional Outturn £'000	2024/25 Outturn Variance £'000
Energy Efficiency Initiatives	5,104	5,104	7,419	2,315
ICT	355	355	154	(201)
Repair Vehicles	342	342	0	(342)
New Build Programme	11,864	9,430	7,561	(1,869)
Compliance Works	3,914	3,597	3,498	(99)
Physical Adaptations	150	100	76	(24)
Refurbishment & Improvement	5,478	5,437	4,062	(1,375)
<b>Total Expenditure</b>	<b>27,207</b>	<b>24,365</b>	<b>22,770</b>	<b>(1,595)</b>
<b>Financed By:</b>				
HRA Capital Receipts Reserve	8,874	6,440	4,598	(1,842)
Grants & Contributions	2,858	2858	2,226	(632)
HRA Priorities Reserve	1,640	1640	1,368	(272)
LAHF Reserve	622	622	668	46
Major Repairs Reserve	12,988	12,580	12,831	251
S106	225	225	1,079	854
<b>Total Financing</b>	<b>27,207</b>	<b>24,365</b>	<b>22,770</b>	<b>(1,595)</b>

4.2 Table 3 provides a summary of the proposed budget carry forwards totalling £842k.

**Table 3 – HRA Capital Proposed Budget Carry Forwards**

Project	Proposed Budget Carry Forward £'000	Funding	Commentary
Repairs Vehicles	342	Major Repairs Reserve	Underspend to support 2025-26 programme
Roofing (refurbishment & Improvement)	500	Major Repairs Reserve	Underspend to support the 2025-26 programme of compliance works.
<b>TOTAL</b>	<b>842</b>		

## 5 HRA Reserves 2024/25

5.1 An integral element of the closedown procedure is to undertake a review of the usage and levels of the Council's reserves and balances. The financial statements reflect the proposed use of these, and specific details of the HRA balances and reserves are set out below.

Description	Actual Balance as at 31 March 2024	Net Provisional Movement	Provisional Balance as at 31 March 2025
	£'000	£'000	£'000
<b>Revenue Reserve</b>			
HRA Climate Reserve	100	400	500
HRA Priorities Reserve	12,116	(4,855)	7,261
LAHF Reserve	668	(668)	0
Repairs Reactive Repairs Reserve	0	1,000	1,000
Working Balance*	2,296	(893)	1,403
<b>Total HRA Revenue Reserves</b>	<b>15,180</b>	<b>(5,016)</b>	<b>10,164</b>
<b>HRA Capital Reserve</b>			
HRA Capital Receipts Reserve	12,899	(1,326)	11,573
Major Repairs Reserve *	18,718	(5,324)	13,394
<b>Total HRA Capital Reserves</b>	<b>31,617</b>	<b>(4,750)</b>	<b>26,867</b>
<b>Total HRA Reserves</b>	<b>46,797</b>	<b>(9,766)</b>	<b>37,031</b>

\* this is an estimated position and will be finalised when the statement of accounts are produced.

### 5.2 HRA Priorities Reserve movements

- £1.3m has been used from this reserve to fund capital programme projects including new build feasibility work and match funding the LAHF grant to enable the purchase of 8 houses.
- A new HRA Climate Reserve was established in 2023/24 and it is proposed to increase the balance to £500k as at 31 March 2025 which will be transferred from the HRA Priorities Reserve.
- It is proposed a further £1m is being transferred to a new reactive Repairs Reserve. This reserve will be used to fund reactive and urgent works that are not able to be met from the approved revenue budget.
- A contribution of £2m is proposed from this reserve to fund the revenue overspend to ensure the balance on the Major Repairs Reserve remains at a level to support the HRA business plan and associated compliance works.

5.3 The LAHF Reserve held the Local Authority Housing Fund grant awarded to the Council in 2023/24 which has been used to fund capital expenditure in fulfilment of the grant conditions in 2024/25.

- 5.4 HRA Capital Receipts Reserve – The Council has established a capital receipts reserve where the 'Right to Buy' (RTB) sale receipts are allocated. During the year £3.3m receipts have been received with 31 RTB sales and 2 non RTB sales (compared to 25 RTB sales in 2023/24). During the year £4.6m of the reserve has been used to contribute towards the financing of the capital programme. This reserve will continue to be utilised to contribute to the provision of affordable housing and the provision of additional Council housing stock.
- 5.5 Major Repairs Reserve – This reserve has been decreased by £5.324m, in accordance with the HRA business plan an annual allocation is required in order to provide sustainable funding for the HRA capital programme. To provide financing for the future programme an allocation of £12.8m has been utilised including £3.6m grant match funding for the decarbonisation programme. This will continue to be the primary financing for the housing improvement elements of the Capital Programme.

## **6. Reasons for the Recommendations**

- 6.1 It is important that members are aware of the financial position of the General Fund to ensure they can make informed decisions that are affordable and financially sustainable for the Council. Effective budget management is critical to ensuring financial resources are spent in line with the budget and are targeted towards the Council's priorities.
- 6.2 This report provides an overview of the provisional Housing Revenue Account outturn financial position for 2024/25.

## **7. Other Options Considered**

- 7.1 As the terms of reference of the Governance and Audit Committee require the Committee to consider for approval the annual revenue and capital outturn report, including the movement of reserves Governance and Audit the option for not producing a provisional outturn report was discounted.
- 7.2 In order to ensure the necessary budgets are in place to support service delivery a delegation has been requested to action the approved carry forwards as opposed to waiting for Cabinet in September which would be over 6 months into the financial year.

## **8. Consultation**

8.1 The Outturn report is presented to the Governance & Audit Committee and will also be presented to the Finance & Economic Overview and Scrutiny Committee on 24 July 2025 before they provide feedback for Cabinet to consider at its meeting on 9 September 2025.

## **9. Appendices**

9.1 Appendix A – 2024/25 HRA Significant Variance Analysis

9.2 Appendix B – 2024/25 HRA Capital Programme – Outturn

## APPENDIX A – HRA 2024/25 PROVISIONAL REVENUE OUTTURN ANALYSIS

Service Area	2024/25 Current Budget	2024/25 Current Budget (less Budget Carry Forwards)	2024/25 Provisional Outturn (less Accounting Adjustments)	Variance to Current Budget	2024/25 Outturn Variance
Expenditure	23,057	23,057	25,669	2,612	11.3%
Income	(30,010)	(30,010)	(30,728)	(718)	(2.4%)
<b>Net Cost</b>	<b>(6,953)</b>	<b>(6,953)</b>	<b>(5,059)</b>	<b>1,894</b>	<b>27.2%</b>

<b>Explanation of Significant Variances (before carry forward approved)</b>		<b>£'000</b>
<b>Repairs &amp; Maintenance</b>		<b>2,220</b>
<ul style="list-style-type: none"> <li>The investment in additional works required to catch up on the backlog of works required, has resulted in an overspend of £632K.</li> <li>Material costs have increased over and above the standard inflation increase calculated into the budget, in some cases as high as 15%. This, together with increased productivity to complete repairs works has resulted in an overspend of £568K.</li> <li>Works undertaken to remedy damp and mould cases and comply with the timeframe requirements of Awaabs Law has led to an overspend of £810K.</li> <li>Asbestos Surveys were required relating to works completed as part of the Earlesfield project of £210k.</li> </ul>		
<b>Supervision &amp; Management</b>		<b>147</b>
<ul style="list-style-type: none"> <li>The work undertaken to reduce the backlog of void properties resulted in an £60K increased cost for grounds maintenance and preparing properties for new tenants.</li> <li>The Earlesfield project compliance works required tenants to be temporarily moved to alternative accommodation at a cost of £87K</li> </ul>		
<b>Bad Debt Provision</b>		<b>180</b>
<ul style="list-style-type: none"> <li>Due to an increase in outstanding rent arrears which has risen from £709K to £944K there has been a corresponding prudent increase in our bad debt provision. There has also been a decrease in collection rate which was 1.33% below target for 2024/25 which has also contributed to the increase in arrears.</li> </ul>		
<b>Income</b>		<b>(718)</b>
<ul style="list-style-type: none"> <li>Improvements in the turnover of vacant properties which reduced from 136 days to 79 days has resulted in an additional £458k collected in rents.</li> <li>The budget in respect of 'Charges for services and facilities' was erroneously set at a lower level due to the accuracy of data migrated to the housing system. The income received is in accordance with the tenancy agreement. This issue has been rectified for the 2025/26 Budget.</li> </ul>		

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## APPENDIX B – HRA 2024/25 PROVISIONAL CAPITAL OUTTURN ANALYSIS

<b>Energy Efficiency</b>					
Project	2024/25 Current Budget	2024/25 Current Budget (less Budget Carry Forward approved at Council Feb 25)	2024/25 Provisional Outturn (less Accounting Adjustments)	Variance to Current Budget	2024/25 Outturn Variance
Heating & Ventilation	1,170	1,170	1,568	398	34.0%
Decarbonisation Works (SHDF)	3,934	3,934	5,851	1,917	48.7%
<b>Total</b>	<b>5,104</b>	<b>5.104</b>	<b>7,419</b>	<b>2,315</b>	<b>45.3%</b>
<b>Explanation of Significant Variances (before carry forward approved)</b>					<b>£'000</b>
<b>Heating &amp; Ventilation</b> This overspend is due to works associated with the Earlesfield Project reactive installation of replacement heating systems and the Riverside Communal Heating System. 217 boilers have been installed					<b>398</b>
<b>Decarbonisation Works (SHDF)</b> The total scheme has been delivered on budget overall which is being funded 50/50 between government grant and the Council. In the 2023/24 a greater proportion was grant funded which therefore means in 2024/25 the Council has provided its balance share of funding which will be taken from HRA reserves as planned.					<b>1,917</b>

<b>Repairs Vehicles</b>					
Project	2024/25 Current Budget	2024/25 Current Budget (less Budget Carry Forward approved at Council Feb 25)	2024/25 Provisional Outturn (less Accounting Adjustments)	Variance to Current Budget	2024/25 Outturn Variance
Repairs Vehicles	342	342	0	(342)	(100.0%)
<b>Total</b>	<b>342</b>	<b>342</b>	<b>0</b>	<b>(342)</b>	

<b>Explanation of Significant Variances (before carry forward approved)</b>	<b>£'000</b>
<b>Repairs Vehicles</b> Procurement has been completed but the vehicles won't be delivered until 2025/26 so a budget carry forward request has been made.	<b>(342)</b>

<b>New Build Programme</b>					
Project	2024/25 Current Budget	2024/25 Current Budget (less Budget Carry Forwards)	2024/25 Provisional Outturn (less Accounting Adjustments)	Variance to Current Budget	2024/25 Outturn Variance
New Build properties	9,098	6,664	5,677	(987)	(14.8%)
Local Authority Housing Fund 2	2,144	2,144	1,404	(740)	(34.5%)
<b>Total</b>	<b>11,242</b>	<b>8,808</b>	<b>7,081</b>	<b>(1,727)</b>	<b>(19.6%)</b>

<b>Explanation of Significant Variances (before carry forward approved)</b>	<b>£'000</b>
<b>New Build Programme</b> In July 2024, Cabinet approved a contract award for a housing development at Larch Close, Grantham to Mercer Building Solutions. Pre construction works are nearing completion with an expected start on site date of August 2025. The delays have resulted in a budget underspend in 2024/25.	<b>(987)</b>
<b>Local Authority Housing Fund 2</b> Our strategy of purchasing new builds from developers allowed us to negotiate discounts and no additional repairs costs were incurred resulting in better value for money and an underspend.	<b>(740)</b>

<b>Refurbishment &amp; Improvement</b>					
Project	2024/25 Current Budget	2024/25 Current Budget (less Budget Carry Forwards)	2024/25 Provisional Outturn (less Accounting Adjustments)	Variance to Current Budget	2024/25 Outturn Variance
Roofing	1,500	1,500	422	(1,078)	(71.9%)
<b>Total</b>	<b>1,500</b>	<b>1,500</b>	<b>422</b>	<b>(1,078)</b>	<b>(71.9%)</b>

<b>Explanation of Significant Variances (before carry forward approved)</b>	<b>£'000</b>
<b>Roofing</b> In July 2024, Cabinet approved a contract award for HRA Roofing Services to Foster Property Maintenance Ltd and the contract commenced in November. The contractor has provided a programme of works but due to this delay and the impact of inclement weather a significant proportion of costs will be incurred in 2025/26.	<b>(1,078)</b>



## Governance and Audit Committee

Wednesday, 23 July 2025

Report of Councillor Philip Knowles,  
Cabinet Member for Corporate Governance and Licensing

## Draft Annual Governance Statement 2024/25

### Report Author

Tracey Elliott, Governance and Risk Officer

✉️ [tracey.elliott@southkesteven.gov.uk](mailto:tracey.elliott@southkesteven.gov.uk)

### Purpose of Report

To provide Governance and Audit Committee an opportunity to review the Draft Annual Governance Statement 2024/25, attached at Appendix A, ahead of its inclusion within the Statement of Accounts.

### Recommendations

**That the Committee considers the contents of the report and provides feedback on the Draft Annual Governance Statement attached at Appendix A.**

### Decision Information

Does the report contain any  
exempt or confidential  
information not for publication?

No

What are the relevant corporate  
priorities?

Effective council

Which wards are impacted?

All Wards

## 1 Implications

1.1 Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

### ***Finance and Procurement***

1.2 There are no direct financial implications arising from this report.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

### ***Legal and Governance***

1.3 There are no further legal or governance implications that are not already covered in the body of the report.

Completed by: James Welbourn, Democratic Services Manager

### ***Risk and Mitigation***

1.4 The Annual Governance Statement is a statutory document that is required to be produced in accordance with the Accounts and Audit Regulations 2015. Failure to produce an Annual Governance Statement would result in the Council being in breach of its statutory obligations.

Completed by: Tracey Elliott, Governance and Risk Officer

## 2 Background to the Report

2.1 The Accounts and Audit Regulations 2015 Regulation 6(1)(a) requires an authority to conduct a review of the effectiveness of the system of internal control and prepare a statement on the review with any published Statement of Accounts – this is known as the Annual Governance Statement.

2.2 On an annual basis the Leader of the Council and the Chief Executive publish an Annual Governance Statement that:

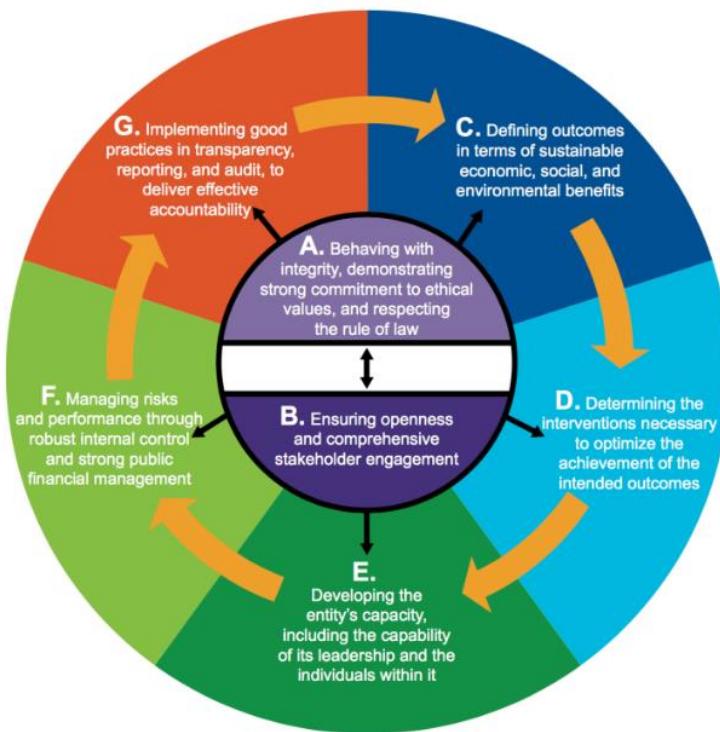
- assesses how the Council has complied with the Local Code of Corporate Governance, which has been produced in accordance with the principles and requirements contained within the framework established by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in the publication, Delivering Good Governance in Local Government Framework (2016 Edition) – further information below in 2.3

- provides an opinion of the effectiveness of the Council's arrangements
- provides details of how continual improvement in the systems of governance will be achieved

2.3 The 'Delivering Good Governance in Local Government: Framework' sets the standard for local authority governance in the UK. The concept underpinning the Framework is to support local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The purpose of the Framework is to assist authorities individually in reviewing and accounting for their own unique approach, with the overall aim to ensure that:

- resources are directed in accordance with agreed policy and according to priorities
- there is sound and inclusive decision making
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities

2.4 The Framework sets out seven core principles of governance as detailed in the diagram below, and illustrates that good governance is dynamic and involves continuous evaluation and review:



The Framework is applied when compiling the Annual Governance Statement with the Council providing assurances over its governance arrangements, together with identifying areas of future focus and improvement.

2.5 The Draft Annual Governance Statement, attached at Appendix A, consists of:

- Foreword from the Leader of the Council and the Chief Executive
- Key elements of the Council's Governance Framework 2024/25
- How the Council has complied with the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework
- Governance Framework for 2024/25
- Review of Effectiveness
- Assurance Statement Review
- Governance key area of focus for 2025/26

2.6 The 'Governance key area of focus for 2025/26' will be the delivery of:

- Recruitment of a new Director of Law & Governance
- Appointment of an interim Data Protection Officer
- Onboarding of new Director of Law & Governance, Data Protection Officer, and Deputy Monitoring Officer
- Ensure Freedom of Information and Subject Access Request processes are reviewed and established
- Review Local Government Reorganisation governance challenges
- Review of the Constitution to ensure Member Code of Conduct is up to date and relevant
- Review of the Officer Code of Conduct
- New governance structure to be developed for LeisureSK Ltd based on the agency principles

### **3 Reasons for the Recommendations**

3.1 Members are required to ensure the draft Annual Governance Statement adequately reflects the financial year 2024/25 and that it sufficiently portrays the overall governance framework for the Council. This is a requirement of Regulation 6(1)(b) of the Accounts and Audit Regulations 2015 to prepare an annual governance statement.

### **4 Appendices**

4.1 Appendix A – Draft Annual Governance Statement 2024/25

# Draft Annual Governance Statement

2024/25



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# Foreword

Welcome to South Kesteven District Council's Annual Governance Statement for the period 1 April 2024 to 31 March 2025.

Governance is about how local government bodies ensure that they are doing the right things in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. This includes complying with legislation, making evidence-based decisions within a clear framework, displaying a healthy culture, behaviour and values, whilst ensuring transparency, equity and accountability, engaging with and where appropriate, leading their communities.

The Annual Governance Statement (AGS) is a public report by the Council on the extent to which it complies with its governance code, legislation, directives and regulations and its performance and effectiveness of its governance arrangements during the year, and any planned changes in the coming period following assessment by external bodies including auditors, other regulators and peers. It conforms to the Council's Local Code of Corporate Governance and covers all significant corporate systems, processes, and controls across all Council activities.

The Council expects all members, officers, partners and contractors to adhere to the highest standards of public service with particular reference to the Officer and Member Code of Conduct, Constitution, Corporate Vision and Values, and Corporate Priorities as well as applicable statutory requirements.

This document describes the Council's governance arrangements and their effectiveness. This document is drawn from a number of assurance mechanisms which includes external audit, the Council's overall governance and decision making framework, the Scrutiny function, the work of advisors and regulators, the Governance and Audit Committee and the internal audit function.

The system of internal control is an important part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, priorities, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise risks to the achievements of the Council's policies, priorities, aims and objectives. It also evaluates the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. Strategic risks are reported to the Governance and Audit Committee bi-annually.

As part of this, alongside our governance framework the Council has a new Corporate Plan 2024-27 in place to bring focus and clarity to our vision and priorities for South Kesteven to be a thriving district in which to live, work and visit.

The Council is committed to continuous improvement and is confident that it has established robust foundations enabling it to continue to develop and strengthen its governance arrangements.



**Karen Bradford**  
Chief Executive  
South Kesteven  
District Council

**Cllr Ashley Baxter**  
Leader of the Council  
South Kesteven  
District Council

# Key elements of the Council's Governance Framework 2024/25

<b>Full Council</b>	<ul style="list-style-type: none"><li>Approves amendments to the Constitution and all associated Procedure Rules, Protocols and Codes</li><li>Approves Strategies, Policies and Plans which make up the policy framework such as the Corporate Plan and Local Development Plan</li><li>Approves the Council's budget and Medium-Term Financial Strategy, including the setting of Council Tax</li><li>Holds meetings in public unless exemptions apply. All meetings are broadcast live and decisions are publicly available in minutes</li></ul>
<b>Cabinet</b>	<ul style="list-style-type: none"><li>Takes the majority of the Council's decisions on matters outside of the Council's budget and policy frameworks</li><li>Sets priorities in line with the Council's vision and recommends budget proposals to underpin delivery</li><li>Reviews the Council's financial performance, performance of services and risk management</li><li>Holds meetings in public unless exemptions apply. All meetings are broadcast live and decisions are publicly available in minutes</li></ul>
<b>Governance and Audit Committee</b>	<ul style="list-style-type: none"><li>Reviews and approves Financial Statements on behalf of the Council</li><li>Reviews Financial Regulations, Contract Procedure Rules, and the Treasury Management Strategy as well as any amendments to the Constitution</li><li>Reviews and scrutinises governance arrangements, including the Local Code of Corporate Governance, internal and external audit reports, and management of risk</li><li>Reviews annual reports for Safeguarding, Health &amp; Safety, Business Continuity, and complaints made to the Local Government Ombudsman</li><li>Holds meetings in public unless exemptions apply. All meetings are broadcast live, and decisions are publicly available in minutes</li></ul>
<b>Overview and Scrutiny Committees</b>	<ul style="list-style-type: none"><li>Provides a critical friend challenge to the Cabinet and holds decision-takers to account</li><li>Makes recommendations to decision-takers as part of pre-decision scrutiny</li><li>Makes recommendations to decision-takers as part of policy or strategy development</li><li>Can hold calls for evidence from internal or external stakeholders</li><li>Holds meetings in public unless exemptions apply. All meetings are broadcast live and decisions are publicly available in minutes</li></ul>
<b>Standards Committee</b>	<ul style="list-style-type: none"><li>Oversees processes relating to Councillor Code of Conduct complaints</li><li>Acts as a Hearing Review Panel for Code of Conduct complaint cases which are referred for formal review</li><li>Promotes high standards in public office</li><li>Holds meetings in public unless exemptions apply. All meetings are broadcast live and decisions are publicly available in minutes</li></ul>

<b>Statutory Officers Group</b>	<ul style="list-style-type: none"> <li>Monthly meetings of the Head of Paid Service, Chief Finance Officer, and Monitoring Officer to ensure good administrative, financial, and ethical governance in the exercise of its functions</li> <li>Work collaboratively to achieve high standards of corporate governance and uphold the Seven Principles of Public Life in accordance with the Code of Practice on Good Governance for Local Authority Statutory Officers</li> </ul>
<b>Management</b>	<ul style="list-style-type: none"> <li>Reviews performance management and projects including progress against milestones, resource allocation, risks, and performance</li> <li>Completes Annual Assurance Statements and contributes to the effective corporate management and governance of the Council</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>Reviews risk registers for strategic, operational and fraud risks. Strategic risks considered by Corporate Management Team quarterly and Governance and Audit Committee bi-annually</li> </ul>
<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>Sets the Internal Audit Strategy to meet the Council's overall strategic direction and provide assurance on risk management, governance, and internal control arrangements</li> <li>Undertakes annual programme of audits and presents progress reports against the plan</li> <li>Makes recommendations for improvement in systems and controls and value for money</li> <li>Provides the Head of Internal Audit Opinion on the overall adequacy and effectiveness of the Council's risk management, control, and governance processes</li> </ul>



# How we comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Solace Framework

The Council has approved and adopted a Local Code of Corporate Governance based on the requirements of the CIPFA/Solace Delivering Good Governance in Local Government Framework 2016. Set out below is how the Council has complied with the seven principles set out in the CIPFA/Solace Framework during 2024/25.

## Principle A

**Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law**

The Council has defined and communicated the standards of conduct and personal behaviour expected of elected Members and Officers through its Member and Officer Codes of Conduct, together with a Member/ Officer Protocol, included as part of its Constitution to ensure integrity.

Member Code of Conduct training formed part of the comprehensive induction programme for Members following the quadrennial elections in May 2023, with further refresh sessions being held throughout the term of office on an annual basis. The Council has agreed that it is mandatory for all Councillors to attend training on the Councillor Code of Conduct every year.

A new procedure for dealing with complaints against Councillors was approved in September 2023 which follows good practice set out in LGA guidance. Any complaints submitted are assessed or investigated by the Monitoring Officer in consultation with the Council's Independent Person/s in accordance with the approved procedure. The Standards Committee, introduced in May 2023, oversees the process associated with Code of Conduct complaints and promotes high standards of behaviour and conduct in public office.

The Council has a Counter Fraud, Bribery and Corruption Strategy, and a Whistleblowing Policy which provides protection for individuals to raise concerns in confidence and ensures that any concerns raised are investigated.

The Council's Customer Feedback Process provides members of the public with an avenue to raise any concern or complaint as well as provide compliments to specific service areas or individual members of staff.

The Governance Framework brings together an

underlying set of legislative requirements, good practice principles and management processes. It comprises the systems, processes, culture, and values by which the Council is directed and controlled, and through which it is accountable to, engages with and informs the local community. It enables the Council to monitor the achievement of its strategic objectives.

Whenever the Council makes decisions at its meetings it ensures legal and governance implications are considered. To assist with this, all reports include comments on any legal and governance implications, which are signed off by the Monitoring Officer or Deputy Monitoring Officer. Where report writers have sought or received legal advice from third parties, such as Legal Services Lincolnshire, they are normally referenced within their report.

## Principle B

**Ensuring openness and comprehensive stakeholder engagement**

All Committee meetings are open to the public with agenda papers, reports and decisions being published on the Council's website, except those determined as exempt from publication. Additionally, most of the Council's Committee meetings are broadcast live via its webcasting system.

The Council can exclude the press and public from meetings for reasons set out in Schedule 12A of the Local Government Act 1972 (as amended).

The Council has robust arrangements in place to deal with residents' complaints, Freedom of Information requests, Subject Access Requests, data breaches and whistleblowing allegations.

The Council's Constitution sets out how the authority engages with stakeholders and partners.

The Council has a Partnerships Register that confirms the arrangements it has in place with partners and shared working practices.

During 2024/25 several statutory consultations were undertaken which included:

- **Planning Policy Consultation – Regulation 18 Draft Local Plan (2021-2041):** To consult with the public and stakeholders on the Draft Local Plan (2021-2041)

2,439 individual comments were received on the Draft Local Plan consultation, made by 794 respondents, and were made on areas including policies, site allocations, chapters, figures, paragraphs, and evidence base work. Three petitions were also received

- **Contaminated Land Strategy Consultation:** To consult on the content of the Council's Contaminated Land Strategy

75% of respondents agreed with the draft Contaminated Land Strategy

- **Public Space Protection Order – Market Deeping Cemetery:** To consult on the re-establishment of the Council's Public Spaces Protection Order for requiring someone in charge of a dog to always having it on a lead whilst in the cemetery

76% of respondents supported the proposal to reinstate a PSPO to always keep a dog on a fixed length lead whilst in the Market Deeping Cemetery

- **Council Tax Support Scheme 2025/26:** To measure the degree of support for the Council's Council Tax Support Scheme

94% of respondents thought that the discretionary payment scheme should continue in 2025/26

- **Council Tax Consultation:** To consult on levels of council tax for 2025/26

55% of respondents supported the proposal to increase the Council's element of council tax by 3%

- **Air Quality Action Plan:** To consult on the content of an Air Quality Action Plan for Grantham

79% of respondents thought that traffic management should be improved at key junctions in Grantham Town Centre

The Council also undertook several discretionary consultations which included:

- **Customer Experience Strategy:** To inform the content of the Council's Customer Experience Strategy

Key concepts highlighted by respondents as being pivotal to a customers' charter included efficiency, availability, knowledge, and being kept informed

- **Housing Repair and Maintenance Policy:** To consult on the repair and maintenance policy

84% supported a proposal to restrict the provision of non-urgent repairs to a tenant who continually refuses access to one of the Council's properties to carry out essential health and safety checks

- **Wyndham Park Dog Exercise/Biodiversity Paddock:** To establish degree of support for an exercise paddock for dogs in Wyndham Park which would also promote biodiversity

71% of respondents supported the creation of an area set aside for nature in Wyndham Park, which is also an area where dogs can be exercised off lead safely and securely.

- **Arts and Culture Opportunities in Bourne and the Deepings:** To establish if residents in Bourne and the Deepings would be more likely to participate in arts activities if available locally and to establish what would encourage arts practitioners to either start providing activities or increase their provision to inform a bid for funding from the Arts Council.

81% said that they would be more likely to participate in arts and cultural activities if they were available locally. Arts practitioners asked for a space dedicated to exhibiting, creating, and running workshops.

- **Public Space Protection Order – Restricting dogs on leads:** To consult on the potential introduction of a PSPO to restrict the number of dogs on leads one person could walk

37% supported the proposal which, if approved, would require an individual walking dogs on leads to restrict the number of dogs they walk at the same time. 59% of respondents did not support the proposal, and 4% were not sure.

## Principles C and D

Defining outcomes in terms of sustainable economic, social and environmental benefits and determining the interventions necessary to optimise the achievement of the intended outcomes

LeisureSK Ltd was established in September 2020 and took over the management of the Council's three leisure facilities in Grantham, Bourne and Stamford in January 2021. The Council and LeisureSK Ltd entered a new ten year contract on 1 April 2025 which is based upon agency principles. The leisure contract details the level of service to be provided and includes key performance indicators to measure and monitor performance. Under the terms of the contract, LeisureSK Ltd is responsible for the provision of a high quality, accessible leisure service across the district which is attractive to residents and visitors.

The main aim of the arrangement is to facilitate the improvement of the health and wellbeing of the district through a range of outcomes including increasing levels of physical activity across the district, attracting increasing numbers of users to the leisure facilities, providing a high standard of customer care, and identifying opportunities to engage with residents outside of traditional leisure activities.

There is a Council appointed Board of Directors for LeisureSK Ltd which is responsible for overseeing the strategic direction of the company and its financial and operational performance. Membership of the Board of Directors is complemented by a Non-Executive Director who was recruited in recognition of their significant leisure knowledge and experience.

Council Officers perform the 'client' role ensuring robust contract monitoring arrangements are in place to ensure that LeisureSK Ltd deliver on the

contract objectives and key performance indicators.

LeisureSK's Articles of Association provide that the Council as owner of the company has certain powers including the right to ask directors to take, or refrain from taking, any action and the Members Agreement provides that the Council has unrestricted access to any company information or documents it requires.

The performance of LeisureSK Ltd is monitored by the Council's Culture and Leisure Overview and Scrutiny Committee which receives regular presentations and reports on the financial and operational performance of the company.

## Principle E

Developing the entity's capacity, including the capability of its leadership and the individuals within it

The Council has an adopted People Strategy 2022-2025 which is built around three themes:

- Attract the right people, retain, and develop excellent skills, define, and embed the right culture
- Engaging and valuing our people to run our business effectively
- Effective leadership to encourage, inspire and navigate change

The aim of the People Strategy is to provide an immediate and on-going and long-term framework for engaging, sustaining, developing, and managing our people to be fit for purpose in supporting the Council's vision, goals and the aspirations outlined in the Corporate Plan. To address this, we will:

- Attract and recruit high calibre staff regionally
- Develop and support our staff to fulfil their potential and help us deliver our aspirations



Five new freighters join the Council's fleet of colourful waste freighters carrying vital health and wellbeing messages. In addition to the pink lorry promoting Breast Cancer awareness and a bright blue lorry promoting Prostate Cancer awareness, the new freighters are painted in the distinctive brand colours of the organisation they represent: Samaritans (lime green), Roy Castle Lung Cancer Foundation (orange), Bowel Cancer UK (teal), Kidney Research UK (purple) and Royal British Legion (dark blue)

- Engage to create an inspired workforce
- Improve the equality, diversity, and inclusion of the Council
- Retain and reward our staff through recognising their contribution
- Create and maintain a progressive, collaborative, and healthy working environment

To build on this, an updated People Strategy is being developed.

During 2024/25 significant leadership development has been undertaken to increase the capability and competency of the senior leadership team.

The Council has 33 apprenticeships and during 2024/25, 669 employees attended 131 learning events.

The Council has a scheme of delegation that sets out how decisions are made within the Council both at Member level and officer level. The Council has effective arrangements for the discharge of the statutory Head of Paid Service, Section 151 Officer and Monitoring Officer functions and complies with the relevant requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) statement on the Role of the Chief Financial Officer in Local Government.

## Principle F

Managing risks and performance through robust internal control and strong public financial management

The Council has effective risk management which is embedded across all areas of the business.

The authority recognises that risk management is an integral part of all activities and must be considered in all aspects of decision making.

The Council's Risk Management Framework sets out its approach to identifying and controlling risks. Risk registers are maintained at strategic and service area level. Strategic risks are reviewed by the Corporate Management Team and reported to the Governance and Audit Committee biannually.

During 2024/25 the Council held several facilitated strategic risk workshops with the Corporate Management Team to review and develop the Council's strategic risks including the development of an Emerging Risk Radar.

The Council's project methodology ensures that all risks are captured and monitored to enable the successful delivery of projects. These are reported every two months to Corporate Management Team.

The Council's Counter Fraud, Bribery, and Corruption Strategy, structured on the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, sets out the importance of achieving intended outcomes, whilst acting in the public interest, and being seen to do so.

Financial management is a key element of the structure and processes that comprise the Council's governance arrangements and it will be undertaking an assessment against the CIPFA Financial Management Code and developing an action plan.

Underpinning the delivery of the Council's Corporate Plan 2024-27 and priorities is the ethos of an effective Council. This includes effective financial management to achieve efficiencies and savings in the short and medium terms.

## Strategic Risks 2024/25

1. Successful/serious cyber security attack on the Council
2. Serious safeguarding failure by the Council
3. Serious health, safety, and well-being failure by the Council
4. Ineffective financial management
5. Unable to maintain and build quality and consistency in service provision by the Council
6. Unable to maintain and build sufficient staffing capacity and capability
7. Failure to explore digital transformation of Council Services
8. Not maintaining and developing fruitful partnerships and collaborations
9. #TEAMSK values/culture are not lived
10. Unable to meet requirements of new regulations and legislation affecting the Council
11. Not sufficiently engaging with and responding to climate change
12. Not effectively engaging without key external stakeholders
13. Governance failure
14. Significant fraud/theft successfully committed against the Council
15. Unable to effectively respond to political priorities
16. Homelessness and poor housing conditions
17. Local Government Reorganisation
18. Devolution

## Principle G

Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Council is open and accessible to the community, service users and employees. It is committed to openness and transparency in all that it does, and this is underpinned by the Corporate Plan. The Council ensures that clear channels of communication are in place with all sections of the community and other stakeholders, and it monitors these to ensure that they are operating effectively.

Every effort is made to ensure that information is concise and easy to understand. In accordance with the Local Government Transparency Code the Council publishes how it spends its money, how it uses its assets, how it makes decisions and have regard to issues important to local people.

The Council has a comprehensive consultation process for published reports which ensures senior management, and Members, own the contents. The Council is committed to publishing information on its performance in a timely manner and report performance against targets and financial targets on a regular basis to committees.

The Council's internal auditors, BDO LLP, report directly to the Governance and Audit Committee on all aspects of its work, including tracking the implementation of management actions arising from internal service audits. The Committee also has the opportunity to suggest items for the annual internal audit work programme approved by Governance and Audit Committee.

The Council welcomes peer challenge, reviews and inspections from regulatory bodies and it participates in national benchmarking exercises to obtain comparative data on performance.



# Governance Framework for 2024/25

The Governance Framework shown below has been in place throughout the financial year which ended on 31 March 2025 and continues to be in place up to the date of the approval of the Statement of Accounts.

## Assurances required

- Delivery of Council's aims and objectives
- Services deliver value for money
- Engagement with stakeholders and public accountability
- Budget and financial management
- Roles and responsibilities of Members and Officers
- Standards of conduct and behaviour
- Compliance with laws, regulations, internal policies, and procedures
- Management of risk
- Effectiveness of internal controls

## Sources of assurance

- Constitution, Scheme of Delegation, Financial Regulations, Contract Procedure Rules and specific Rules of Procedure for the Council's bodies
- Council, Cabinet and Committees including Governance and Audit and Overview and Scrutiny Committees
- Statutory Officers Group
- Corporate Information Governance Group
- Medium Term Financial Strategy
- Human resources policies and procedures
- Whistleblowing Policy
- Counter fraud procedures
- Risk management and internal control frameworks
- Performance management framework
- Partnership governance arrangements
- Codes of Conduct
- Corporate Management Team
- Annual Assurance Statements
- Customer complaints system
- Freedom of Information system

## Assurances received

- Statement of Accounts
- External audit reports
- Internal audit reports
- Risk management reports
- Counter fraud reports
- Independent and external sources
- Local Government Ombudsman reports
- Reviews by Overview and Scrutiny Committees and Governance and Audit Committee
- Member/officer working groups
- Customer feedback eg complaints
- Freedom of Information requests
- Data Subject Access Requests
- Whistleblowing reports
- Health and Safety Executive inspections

# Review of effectiveness

## Internal audit

The Council's internal auditors, BDO LLP, were required to provide an opinion on the overall adequacy and effectiveness of the Council's risk management, control, and governance processes.

Seven assurance, one consultancy (Arts Council Grant) and two follow up reviews were undertaken during 2024/25, with the seven assurance reviews resulting in the following assurance levels:

Audit	Design Opinion	Design Effectiveness
Arts Council Grant	N/A	N/A
Social Housing Decarbonisation Fund	Moderate	Moderate
Staffing Capacity and Capability	Moderate	Substantial
Homelessness	Moderate	Moderate
Income Generation	Substantial	Moderate
Business Continuity and Disaster Recovery	Moderate	Moderate
Council Tax and NNDR	Substantial	Moderate
Data Protection, FOI, EIR and SAR	Moderate	Moderate

For the twelve months ended 31 March 2025, based on the work undertaken, the BDO LLP Head of Internal Audit opinion was:

Overall, we provide **Moderate** Assurance that there is a sound system of internal controls, designed to meet the Council's objectives, and that controls are being applied consistently across various services.

Level of Assurance	Design Opinion	Findings	Effectiveness Opinion	Findings
Moderate	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed, albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of noncompliance with some controls that may put some of the system objectives at risk.

## External audit

The Council's external auditors, KPMG LLP, are required to consider whether the Annual Governance Statement (2023/24 and 2024/25) complies with Delivering Good Governance in Local Government 2016 published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (Solace).

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), external audit are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources.

External audit are required to report their commentary on the Council's arrangements under specified criteria. External audit have reported on the Council's arrangements for 2023/24 and 2024/25 and have concluded the following in respect of Value for Money for both years:

Domain	Significant risk identified?
Financial sustainability	No significant risks identified
Governance	No significant risks identified
Improving economy, efficiency, and effectiveness	No significant risks identified

## Assurance Statement 2024/25

Officers of the Senior Team produced an Annual Assurance Statement for 2024/25 which assessed the effectiveness of the key control environment within their areas of responsibility.

Management assurance is a key assurance mechanism on which the Council seeks to obtain visibility over. The Council recognise that management may not be able to provide a positive assurance in all cases and would prefer a conclusion to be reached that is objective and honest with a view to then addressing any areas of concern in the future as may be required.

Senior Team were asked to agree, or otherwise, to various statements based on their knowledge and understanding across seven core areas of assurance:

- Probity and Regulatory
- Procurement
- Governance
- Human Resources
- Health and Safety
- IT and Data Management
- Business Continuity

The overall assurance level revealed that managers 'Fully Agreed' with 83% of the statements on assurance with the remainder being 14% 'Partially Agreed'; 1% 'Not Agreed' and 2% 'Don't Know'.

Themes for improvement were identified for Procurement, Health and Safety, and Business Continuity.

The responses were reported to Statutory Officers Group for review. Actions arising from the completion of the Assurance Statement have been captured and will be monitored during 2025/26.

## Governance and Audit Committee

Governance and Audit Committee is well established with its terms of reference complying fully with CIPFA guidance.

The key areas covered by the Governance and Audit Committee's terms of reference are:

- accounts and financial reporting
- financial regulations
- treasury management
- internal and external audit activity
- risk management
- governance
- counter fraud and bribery
- contract procedure rules
- regulatory framework
- the ombudsman process

In addition, Governance and Audit Committee receive annual reports on:

- Business Continuity
- Health & Safety
- Safeguarding



# Follow-up on last year's key areas of focus

Last year's Annual Governance Statement identified nine areas of focus, and the table below sets out the action taken to address those areas:

Key area of focus identified for 2024/25	Action taken
East Midlands Councillor Development Charter	The new Councillor Working Group has met on a number of occasions with several items on the action plan being completed. Evidence has been stored for a future submission for charter status
Little Ponton and Stroxtton Community Governance Review	Full Council did not propose any changes to the community governance structure for the parish of Little Ponton and Stroxtton, ending the Community Governance Review process
Review of the Officer Code of Conduct	This has been moved into 2025//26 when the new Director of Law and Governance is in post.
Lead officer established, who is an Accredited Counter Fraud Specialist, to investigate all whistleblowing reports	All whistleblowing reports have been investigated by the Accredited Counter Fraud Specialist
Lessons learnt report to be produced at the end of each key event/project	Lessons learnt report is produced at the end of every corporate project which is then shared to the relevant board
Use of data (Oflog, Government, benchmarking) to be used to assist in decision making	Work ongoing. A report has been presented to Cabinet in respect of the government's Productivity Plan. The information from the State of the District was used for the Economic Strategy and to support projects within the district. Data is benchmarked across other districts and is available on the Council's website
Lesson learnt review on complaints to stop reoccurrences	Work ongoing. Enhancements to the complaints process are underway. Refresher training will be undertaken with service areas to reinforce the importance of capturing the reasons complaints have arisen along with understanding the frequently raised repeat issues to identify solutions.
Investment in technology – Asset Management system and Financial System	New asset management system implemented. New financial system goes live in July 2025
Leisure Option Appraisal	As a result of the leisure option appraisal, Cabinet in September 2024, agreed a new ten-year contract, based on agency principles, which commenced on 1 April 2025

# Governance issues

Key area of focus for 2025/26	Action owner	Deadline
Recruitment of a new Director of Law & Governance		
Appointment of an interim Data Protection Officer		
Onboarding of new Director of Law & Governance, Data Protection Officer, and Deputy Monitoring Officer		
Ensure Freedom of Information and Subject Access Request processes are reviewed and established		
Review Local Government Reorganisation governance challenges		
Review of the Constitution to ensure Member Code of Conduct is up to date and relevant		
Review of the Officer Code of Conduct		
New governance structure to be developed for LeisureSK Ltd based on the agency principles		
Ensure compliance with the delivery of the 2025/26 UKSPF requirements		

# Contact Details

**Alternative formats are available on request:  
audio, large print and Braille**

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 [www.southkesteven.gov.uk](http://www.southkesteven.gov.uk)



**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**



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COUNCIL

## Governance and Audit Committee

Wednesday, 23 July 2025

Report of Councillor Ashley Baxter -  
The Leader of the Council,  
Cabinet Member for Finance, HR and  
Economic Development

## Treasury Management Annual Report 2024/25

### Report Author

David Scott – Assistant Director of Finance and Deputy s151 officer

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### Purpose of Report

This report provides Governance and Audit Committee with the details of the Council's treasury management activity for the financial year 2024-2025.

### Recommendations

**Governance and Audit Committee is requested to approve the Annual Report on Treasury Management activity for 2024/25.**

### Decision Information

Does the report contain any exempt or confidential information not for publication? No

What are the relevant corporate priorities? Effective council

Which wards are impacted? All

## **1. Implications**

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

### ***Finance***

- 1.1 The financial implications are included within the report.

*Completed by: Richard Wyles, Deputy Chief Executive and Section 151 Officer.*

### ***Legal and Governance***

- 1.2 The Council is under a duty to manage its resources prudently and therefore due consideration must always be given to the borrowing and lending strategy. A wide range of local authority finance activities, including borrowing, lending, financial management and the approval of types of investment vehicle are governed by legislation and various regulations. This report provides details of the Council's performance in respect of Treasury Management against policy set out as part of the Budget and Policy Framework. Members should note the performance and scrutinise any elements to assist the role of the Governance and Audit Committee in its review of the Treasury Management Strategy.

*Completed by: James Welbourn, Democratic Services Manager*

## **2. Background to the Report**

- 2.1 The Local Government Act 2003 and associated regulations require the Council to produce:
  - an annual treasury management review of activities
  - actual prudential and treasury indicators for 2023/2024.
- 2.2 This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

### **3. Key Considerations**

3.1 For the financial year 2024-2025, the Council adhered to Prudential Code reporting requirements with members receiving the following reports:

- An annual treasury management strategy in advance of the year which was approved by Council on 29 February 2024.
- A first quarter treasury management activity update on 24 September 2024.
- A mid-year treasury update report which was approved by Governance and Audit Committee on 27 November 2024.
- A third quarter treasury management activity update on 19 March 2025
- An annual review following the end of the year describing the activity compared to the strategy (this report).

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

3.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report provides details of the outturn position for treasury activities and highlights compliance with the policies previously approved and adopted by the Council.

#### **Treasury Position as at 31 March 2025**

3.4 The Strategy for 2024/25 was approved on 29 February 2024.

3.5 A key element of daily operations focuses on comparing current market conditions in conjunction with the MUFG (formerly Link) credit rating list. The list is a tool for guidance, which would only be deviated from when clear better alternative options are available. Where such decisions are taken, a clearly documented audit trail is maintained.

3.6 The aim of the Strategy is to generate a list of highly creditworthy counterparties which enables diversification of investments and thus avoidance of risk whilst providing security.

3.7 A summary of the Council's treasury position at 31 March 2025 is as follows:

## Actual Debt Management Activity During 2024-2025

<b>Actual Borrowing Position</b>	<b>31 March 2024</b>		<b>31 March 2025</b>	
	<b>Principal</b>	<b>Average Rate</b>	<b>Principal</b>	<b>Average Rate</b>
<b>Fixed Interest Rate Debt</b>	£82.991m	2.48%	£79.769m	2.50%
<b>Capital Financing Requirement</b>	£100.876m		£104.145m	
<b>Over/(Under) Borrowing</b>	(£17.885m)		(£24.376m)	

<b>Investment Position</b>	<b>31 March 2024</b>		<b>31 March 2025</b>	
	<b>Principal</b>	<b>Average Rate</b>	<b>Principal</b>	<b>Average Rate</b>
<b>Fixed interest Investments</b>	£55.000m	5.567%	£42.000m	5.030%
<b>Variable Interest Investments</b>	£18.420m	5.258%	£20.767m	5.200%
<b>Total Investments</b>	£73.420m	5.430%	£62.767m	5.110%

3.8 The £79.769m (wholly HRA debt) is split between short term and long-term borrowing as follows:

- Short-term - £3.221m which is repayable within the next 12 months
- Long-term - £76.548m

## Actual Investment Activity During 2024/25

3.9 The Council's investment policy is governed by MHCLG (Ministry of Housing, Communities and Local Government) guidance, which was implemented in the Annual Investment Strategy approved by the Council on 29 February 2024. The investment activity during the year complied with the approved strategy throughout the whole year. During the year the Council had no liquidity difficulties.

3.10 At 31 March 2025 the Council held short and long-term investments of £62.767m and was compliant with the Council's policy to hold not more than 35% of investments as long-term. This includes a £3m in the CCLA (Church, Charities, and Local Authorities) Local Authority Property Fund.

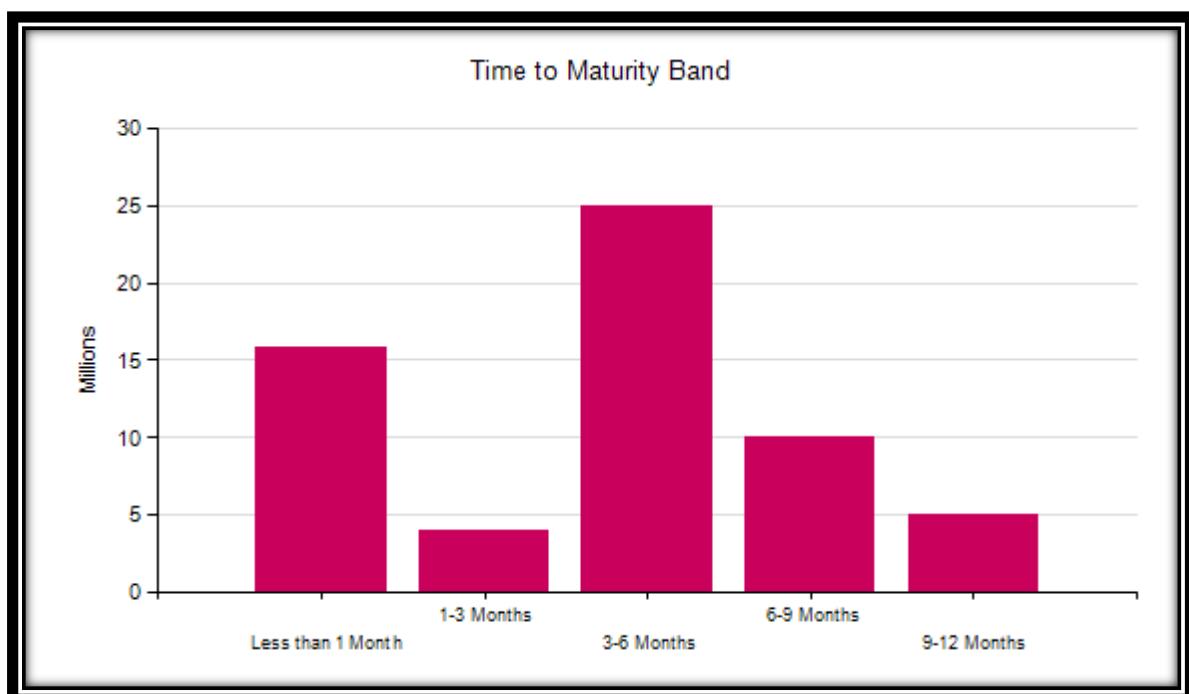
3.11 The CCLA Local Authority Property Fund invests in property, on behalf of the Council. The value of any investment in the fund will fluctuate in line with property market values. The Council considers this a long-term investment that it has

entered into for a minimum of five years as this mitigates the risk of fluctuations in the value of the investment which was £2.619m at 31 March 2025 which is an improvement on the previous year end value of £2.529m.

- 3.12 The primary reason for investing in the fund was that the quarterly dividend payment provides a significantly higher return than other investments. The dividend payable for the year was £0.131m which equates to a 4.35% return on the initial £3m investment.
- 3.13 Over the life of the investment the Council has achieved dividends totalling £0.628m which is in excess of the current notional loss in value of £0.381m. Under the accounting rules for this type of investment any gains or losses on the overall fund value would need to be credited or charged to the General Fund. Currently, a statutory override is in place and as part of the Local Government Finance Settlement for 2025/26 the Government decided to extend this until 1 April 2029. This was welcome news for the Council because any potential losses that could have been charged to the revenue account will be avoided.
- 3.14 The total amount of variable rate investments has decreased between 31 March 2024 and 31 March 2025 from £18.420m to £13.767m, respectively. This was to ensure that the Council was able to achieve a return on investments and also able to meet its cashflow commitments due to the careful structuring of its investments. There were no cashflow issues during 2024/25.
- 3.15 During 2024/25 The Council continued to place emphasis on ESG (Environmental, Social and Governance) investments. It is the aim to maintain at least 10% of the portfolio of this type of investment where possible which has been achieved over the last financial year.
- 3.16 In 2024/25 the Council had budgeted investment returns of £3.013m. The provisional outturn is £3.985m an additional £0.972m in excess of budget. This was achieved through a combination of attaining higher interest rates and the placement of investments for longer durations.
- 3.17 The duration and counterparties of investments as at 31 March 2025 are shown in the following graphs. When investments are placed the duration is determined by taking into consideration the treasury advice received from MUFG (formerly Link), and the cashflow for the Council. A wide number of counterparties are used as the Council has recommended investment limits that can be placed with each institution which assists with risk management.

	Country	Institution	Instrument Type	Start	Maturity	Yield	Principal
CAN		National Bank of Canada	Fixed Term Deposit	28/02/2025	29/08/2025	4.47%	£5,000,000
							£5,000,000
GBR		Reading Borough Council	Fixed Term Deposit	11/10/2024	11/04/2025	4.85%	£3,000,000
		Newcastle Building Society	Fixed Term Deposit	22/04/2024	22/04/2025	5.00%	£2,000,000
		Standard Chartered Bank	Fixed Term Deposit	04/11/2024	02/05/2025	4.69%	£4,000,000
		Santander UK PLC	Call (95 Day Notice)			4.45%	£10,000,000
		Plymouth City Council	Fixed Term Deposit	21/02/2025	25/07/2025	5.55%	£5,000,000
		Lloyds Bank Plc (RFB)	Fixed Term Deposit	31/01/2025	31/07/2025	4.53%	£5,000,000
		Highland Council	Fixed Term Deposit	25/10/2024	24/10/2025	4.75%	£5,000,000
		Lancashire County Council	Fixed Term Deposit	31/10/2024	30/10/2025	4.80%	£5,000,000
		Standard Chartered Bank	Fixed Term Deposit	28/02/2025	27/02/2026	4.51%	£5,000,000
							£44,000,000
MMF		MMF LGIM	Money Market Fund			4.51%	£5,000,000
		MMF Aberdeen	Money Market Fund			4.54%	£5,000,000
		MMF BNP Paribas	Money Market Fund			4.53%	£767,000
							£10,767,000
<b>Total</b>							<b>£59,767,000</b>

\*MMF – Money Market Funds



3.18 Treasury advisers, MUFG, also provide benchmarking of comparative information across all their clients which helps the Council understand how its investment portfolio is performing in relation to others.

3.19 The table below shows for each quarter analysis the average rate of return was above average when compared to other District Councils within the comparative group. This reflects the prudent approach to managing risk and return to maximise investment returns whilst balancing exposure to risk.

Quarter Ending	SK WARoR	District WARoR*	SK WA Credit Risk**	District WA Credit Risk**
<b>Q1 June 2025</b>	5.41%	5.22%	3.65%	2.45%
<b>Q2 September 2025</b>	5.06%	5.00%	3.44%	2.29%
<b>Q3 December 2025</b>	4.84%	4.82%	3.38%	2.13%
<b>Q4 March 2025</b>	4.68%	4.67%	2.82%	2.06%

\*WARoR – Weighted average rate of return

\*\* WA Credit Risk – Weighted Average Credit Risk Number

3.20 As part of the Prudential Code, the Council sets a number of prudential and treasury indicators as part of the Treasury Strategy, the estimated performance against these indicators was provided in the Treasury Strategy approved on 29 February 2024 and the actual performance against these indicators is detailed at Appendix A.

### **Economic Outlook**

3.21 UK inflation has proved fluctuated throughout 2024/25. Having started the financial year at 2.3%, the CPI measure of inflation briefly dipped to 1.7% in September before picking up pace again in the latter months. The latest data shows CPI rising with a strong likelihood that it will reach 3.5% by Autumn 2025.

3.22 Alongside this the continued war in Ukraine, as well as the potentially negative impact on global growth of US tariff policies announced by President Trump in April 2025, Bank Rate reductions have been limited. UK interest rates have remained volatile; Bank rate is currently 4.50% and expected to continue to fall during the year to 3.75% by March 2026.

3.23 Borrowing has become increasingly expensive in 2024/25. Gilt yields rose significantly after the Chancellor's Autumn Statement, and the loosening of fiscal policy. They have remained elevated ever since, as dampened growth expectations and the minimal budget contingency have stoked market fears that increased borrowing will need to be funded during 2025.

## **Summary**

3.24 The Council's treasury management functions have operated effectively during 2024/25 and have achieved the following:

- Repayment of principal has been secured in all deposits.
- The Council's cash liquidity requirement has been met throughout the financial year.
- Investment income levels have exceeded the amended budget as investment levels were higher than originally estimated.
- The Council has achieved investment returns greater than the benchmark average.
- Robust management of the Council's debt position.
- Prudential indicators set for 2024/25 have been achieved.

## **4. Other Options Considered**

4.1 No other options were considered.

## **5. Reasons for the Recommendations**

5.1 To meet statutory obligations for treasury management.

## **6. Background Papers**

### **Treasury management Strategy 2024/25**

[http://moderngovsvr/documents/s41022/Appendix%20F%20-%202024-25%20Treasury%20Management%20Strategy%20Statement.pdf?LO\\$=1](http://moderngovsvr/documents/s41022/Appendix%20F%20-%202024-25%20Treasury%20Management%20Strategy%20Statement.pdf?LO$=1)

### **Treasury management Mid-Year review 2024/25**

[http://moderngovsvr/documents/s44316/2024-25%20Quarter%202%20Treasury%20Management%20Activity.pdf?LO\\$=1](http://moderngovsvr/documents/s44316/2024-25%20Quarter%202%20Treasury%20Management%20Activity.pdf?LO$=1)

## **7. Appendices**

7.1 Appendix A – Capital Prudential and Treasury Indicators 2025/26-2027/28

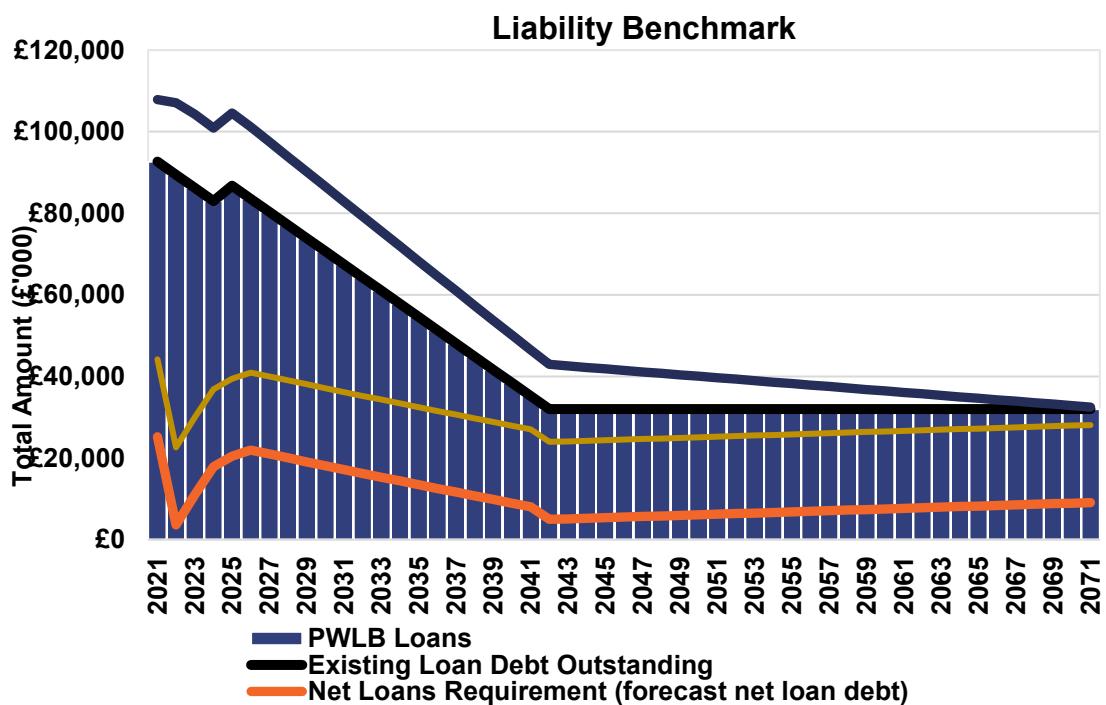
## Appendix A

### 1. PRUDENTIAL INDICATORS

	2023/24 Actual £	2024/25 Budget £	2024/25 actual £
<b>Capital Expenditure</b>			
Non-HRA	4.833m	16.437m	13.780m
HRA	14.816m	23.718m	22.770m
<b>TOTAL</b>	<b>19.649m</b>	<b>40.155m</b>	<b>36.550m</b>
<b>Capital Financing Requirement</b>			
Closing CFR – Non HRA	14.266m	15.626m	15.626m
Closing CFR – HRA	86.738m	83.516m	83.516m
<b>Total CFR</b>	<b>101.004m</b>	<b>99.142m</b>	<b>99.142</b>
<b>Opening CFR</b>	<b>104.145m</b>	<b>101.004m</b>	<b>101.004m</b>
<b>Movement in CFR</b>	<b>(3.140m)</b>	<b>(1.862m)</b>	<b>(1.862m)</b>
<b>Movement in CFR</b>			
Net financing need for the year	0.369m	1.639m	1.639m
Repayment of HRA Borrowing	(3.222m)	(3.222m)	(3.222m)
Less MRP/VRP and other financing movements	(0.287m)	(0.279m)	(0.279m)
Movement in CFR	<b>(3.140m)</b>	<b>(1.862m)</b>	<b>(1.862m)</b>
<b>Gross borrowing requirement</b>			
brought forward 1 April	86.236m	83.014m	83.014m
Expected change in debt	0.000m	0.000m	0.000m
HRA Settlement	(3.222m)	(3.222m)	(3.222m)
<b>carried forward 31 March</b>	<b>83.014m</b>	<b>79.792m</b>	<b>79.792m</b>
Closing CFR	<b>101.004m</b>	<b>99.142m</b>	<b>99.142m</b>
Under / (over) borrowing	17.990m	19.350m	19.350m

## Treasury Ratios

Ratio of financing costs to net revenue stream	2023/24 Actual	2024/25 Budget	2024/25 actual
Non-HRA	(11.71%)	(4.63%)	(8.29%)
HRA	(0.23%)	0.14%	(1.59%)
<b>HRA Ratios</b>			
HRA debt £m			
HRA Revenues £m	82.991m	79.769m	79.769m
Ratio of debt to revenues	(2.97%)	(2.66%)	(2.60%)
Number of HRA Dwellings	5,843	5,809	5,835
Debt per Dwelling	£14,203	£13,732	£13,671



## 2. TREASURY MANAGEMENT INDICATORS

### External Debt Indicators

#### **Authorised Limit**

This represents the limit beyond which borrowing is prohibited and needs to be set and revised by members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003.

<b>Authorised Limit For external debt</b>	<b>2024/25 £000</b>	<b>As at 31 March 2025 £000</b>
Debt (non HRA)	40.000	0.000
HRA Reform	115.000	79.769
Other Long-term liabilities	0.000	0.000
<b>Total</b>	<b>155.000</b>	<b>79.769</b>

#### **Operational Boundary**

This indicator is based on the probable external debt during the course of the year; it is not a limit, and actual borrowing could vary around this boundary for short times during the year. It should function as an indicator to ensure the authorised limit is not breached.

<b>Operational Limit for external debt</b>	<b>2024/25 £000</b>	<b>As at 31 March 2025 £000</b>
Debt (non HRA)	22.000	0.0000
HRA Reform	100.000	79.769
Other Long-term liabilities	0.000	0.000
<b>Total</b>	<b>122.000</b>	<b>79.769</b>

## **Debt Maturity Analysis – Public Works Loan Board as at 31 March 2025**

All current external borrowing is classified under the HRA.

<b>Duration</b>	<b>Amount £000</b>
Less than one year	3,222
Between one and two years	3,222
Between two and five years	9,665
Between five and ten years	16,109
Between ten and fifteen years	41,109
Over fifteen years	6,443
<b>Total</b>	<b>79,769</b>

## **Investment Maturity Analysis – Schedule of Cash Funds**

	<b>As at 31 March 2025 £000</b>	<b>Interest Rate %</b>
<b>Short Term Investments</b>		
Aberdeen Standard MMF	5,000	variable
BNP MMF	767	variable
LGIM	5,000	variable
Santander	10,000	variable
Standard Chartered ESG	9,000	4.60
SMBC	5,000	4.93
Lloyds	5,000	4.53
Local Authorities	18,000	4.99
Newcastle BS	2,000	5.00
<b>Total Short-Term</b>	<b>59.767</b>	<b>(average rate) 4.68</b>
<b>Long Term Investments</b>		
CCLA Local Authority Property Fund	3,000	4.92*
<b>Total Long-Term</b>	<b>3,000</b>	<b>(average rate) 4.92</b>

\*Dividend yield on Net Asset Value as at 31 March 2025



SOUTH  
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## Governance and Audit Committee

Wednesday, 23 July 2025

Report of Councillor Ashley Baxter  
Leader of the Council,  
Cabinet Member for Finance, HR and  
Economic Development

## Treasury Management Report Quarter 1 2025/26

### Report Author

David Scott – Assistant Director of Finance and Deputy s151 officer

✉ [David.scott@southkesteven.gov.uk](mailto:David.scott@southkesteven.gov.uk)

### Purpose of Report

Regulations issued under the Local Government Act 2003 require the Council to produce regular reports on treasury and debt management operations. This report meets the requirements of the CIPFA Code of Practice on Treasury Management (the Code).

### Recommendations

**The Committee is requested to note the contents of the Quarter 1 review of treasury management activity for 2025/26**

### Decision Information

Does the report contain any exempt or confidential information not for publication? No

What are the relevant corporate priorities? Effective council

Which wards are impacted? All

## 1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

### ***Finance***

- 1.1 The financial implications are included within the report.

*Completed by: Richard Wyles Deputy Chief Executive and Section 151 Officer.*

### ***Legal and Governance***

- 1.2 This report provides details of the Council's performance in respect of treasury management against policy set out as part of the budget and policy framework. Members should note the performance and scrutinise any elements to assist the role of the Governance and Audit Committee in its review of the Treasury Management Strategy.

*Completed by: James Welbourn, Democratic Services Manager*

### ***Risk and Mitigation***

- 1.3 Risk has been considered as part of this report. The treasury strategy has been compiled in conjunction with the treasury advisors and is monitored by the committee on a regular basis.

*Completed by: Tracey Elliott, Governance & Risk Officer*

## 2. Background to the Report

- 2.1 Treasury Management is the term used to cover the Council's borrowing and investment strategies. The Council has formally adopted the key recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management. In line with the Code, the council has adopted a Treasury Management Policy Statement that requires regular reports on treasury and debt management operations.
- 2.2 Under part 1 of the Local Government Act 2003, the Council is required to follow the Prudential Code for capital finance including the setting of prudential Indicators. Relevant treasury management indicators were incorporated into the Treasury Management Strategy 2025/26 approved by Council on 27 February 2025.

2.3 In accordance with these requirements, this report provides a review of treasury management activity for the quarterly period ended 30 June 2025 and reviews current developments. The following elements are covered by the report:

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

2.4 The CIPFA Treasury Management panel promotes the view that Councils should monitor performance on a quarterly basis. Furthermore, a report by the Audit Commission entitled 'Risk and Return' identified the need for local authorities to report regularly to members in addition to the annual review.

### **3. Key Considerations**

#### **Debt Management Operations - Borrowing**

3.1 No additional borrowing was required during the first quarter of 2025/26. All current Council borrowing is with the Public Works Loan Board (PWLB) and the average rate of interest paid on the debt portfolio was **2.50%**. Appendix A shows loans outstanding as at 30 June 2025. Regular reviews are undertaken to consider redemption costs of natural maturity against new borrowing to settle the outstanding debt early.

3.2 Short-term borrowing is defined as borrowing due to be repaid within 365 days. As at 30 June 2025, the Council had short-term borrowing of **£3.221m**. This will be repaid in instalments of **£1.611m** on 29 September 2025 and 30 March 2026. The average annual rate of interest on these loan repayments is **3.03%**.

#### **Investment Operations**

3.3 The average size of the investment portfolio for the 3-month period of Q1 was **£66.479m** compared to an average portfolio size of **£80.901m** during the same period in 2024/25.

3.4 The reduction in the portfolio is largely due to holding capital grant funds at Q1 in 2024/25 which was used to fund the capital programme during the 2024/25 financial year. In addition to this general capital expenditure over the past 12 months has been funded from reserves as opposed to expensive external borrowing.

## **Investment Activity in the period ended 30 June 2025**

- 3.5 The Council operates a diverse portfolio and methods to invest its reserves which include direct deposits, certificates of deposit, notice accounts and money market funds. As at 30 June 2025 the Council held short term investments of £55.483m (specified investments) and £3m (non-specified investments).
- 3.6 The Treasury Management Strategy stipulates that the Council should not ordinarily hold more than 35% of investments as non-specified; this policy was adhered to during Q1 of 2025/26. A schedule of investments at 30 June 2025 is set out at Appendix A.
- 3.7 Short Term Fixed Deposits – In the period ended 30 June 2025, £7.0m of short-term fixed deposits were placed; £9.0m of investments matured within this same period.
- 3.8 Long Term Fixed Deposits – In the period ended 30 June 2025, no long-term fixed deposits were placed, and no long-term fixed deposits matured.

## **Treasury Management Prudential Code Indicators**

- 3.9 Prudential Code indicators specific to treasury management are designed to ensure that treasury management is carried out in accordance with professional practice. Indicators for 2025/26, 2026/27 and 2027/28 were approved by Council on 27 February 2025 as part of the Treasury Management Strategy 2025/26.
- 3.10 The 2025/26 indicators and actual figures for the 3 months to 30 June 2025 are set out at Appendix A. All investment activity has been maintained within the indicator limits.

## **4. Other Options Considered**

- 4.1 No other options were considered.

## **5. Reasons for the Recommendations**

- 5.1 The Committee should be kept updated on the Council's financial position.

## **6. Background Papers**

- 6.1 Treasury Management Strategy 2025/26

[Appendix F Treasury Management Strategy 2025-26.pdf](#)

## **7. Appendices**

### 7.1 Appendix A – Treasury Management Prudential Indicators.

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## Appendix A

### Debt Maturity Analysis – Public Works Loan Board as at 30 June 2025

All current external borrowing is classified under the HRA

<b>Duration</b>	<b>Amount £000</b>
Less than one year	3,222
Between one and two years	3,222
Between two and five years	9,665
Between five and ten years	16,109
Between ten and fifteen years	41,109
Over fifteen years	6,443
<b>Total</b>	<b>79,769</b>

### Investment Maturity Analysis – Schedule of Cash Funds

	As at 30 June 2025 £000	Interest Rate %
<b>Short Term Investments</b>		
LGIM MMF	5,000	variable
Federated Prime3 MMF	3,483	variable
Santander 95Day Notice	10,000	4.05
Standard Chartered - Sustainable	9,000	4.30
HELABA	3,000	4.31
National Bank of Canada	5,000	4.47
Lloyds	5,000	4.53
Plymouth City Council	5,000	5.55
Lancashire County Council	5,000	4.80
The Highland Council	5,000	4.75
<b>Total Short-Term</b>	<b>55.483</b>	<b>(average rate) 4.54</b>
<b>Long Term Investments</b>		
CCLA Local Authority Property Fund	3,000	4.93
<b>Total Long-Term</b>	<b>3,000</b>	<b>(average rate) 4.93</b>

## **External Debt Indicators**

### **Authorised Limit**

This represents the limit beyond which borrowing is prohibited and needs to be set and revised by members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003.

<b>Authorised Limit For external debt</b>	<b>2025/26 £000</b>	<b>As at 30 June 2025 £000</b>
Debt (non HRA)	41,000	0.000
HRA Reform	115,000	79,769
Other Long-term liabilities	0.000	0.000
<b>Total</b>	<b>156,000</b>	<b>79,769</b>

### **Operational Boundary**

This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.

<b>Operational Limit for external debt</b>	<b>2025/26 £000</b>	<b>As at 30 June 2025 £000</b>
Debt (non HRA)	23,000	0.0000
HRA Reform	100,000	79,769
Other Long-term liabilities	0,000	0.000
<b>Total</b>	<b>123,000</b>	<b>79,769</b>



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## Governance and Audit Committee

Wednesday, 23 July 2025

Report of Councillor Philip Knowles,  
Cabinet Member for Corporate Governance and Licensing

# Reporting Fraud and Whistleblowing Annual Report 2024/25

### Report Author

Tracey Elliott, Governance and Risk Officer

 tracey.elliott@southkesteven.gov.uk

### Purpose of Report

One of the key areas for Governance and Audit Committee, as part of its terms of reference, is to monitor and review the arrangements for the reporting of fraud, and whistleblowing, and the action taken as a result of disclosures.

### Recommendations

**That the Committee notes the contents of this report and ensures it obtains the necessary assurance in respect of the fraud and whistleblowing investigations.**

### Decision Information

Does the report contain any exempt or confidential information not for publication? No

What are the relevant corporate priorities? Effective council

Which wards are impacted? All Wards

## **1 Implications**

1.1 Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

### ***Finance and Procurement***

1.2 There are no specific financial implications arising from this report.

Completed by: David Scott – Assistant Director of Finance and Deputy s151 Officer

### ***Legal and Governance***

1.3 From a governance perspective, the Governance and Audit Committee should be content with the arrangements the Council has in place to effectively manage and address instances of whistleblowing and fraud that are reported.

Completed by: James Welbourn, Democratic Services Manager

### ***Human Resources***

1.4 This report highlights the need for the Council to continue to foster a culture of openness, trust and accountability, where employees feel confident and supported to raise concerns about wrongdoing. Regular training and guidance for employees and managers on whistleblowing is important to include the roles and responsibilities of all parties, and the channels and mechanisms for reporting and escalating concerns.

Completed by: Jane Jenkinson, Senior HR Officer

## **2 Background to the Report**

2.1 The Council is committed to the highest standards of quality, probity, openness, and accountability. As part of the Committee's terms of reference, fraud prevention and whistleblowing are key areas of focus being an essential element of delivering good governance.

2.2 To develop and promote greater awareness, and in line with best practice, a review of the Council's fraud detection and whistleblowing disclosures has been undertaken, culminating in this Annual Report for 2024/25.

## **3 Whistleblowing**

3.1 Whistleblowing is the term used when a worker passes on information concerning wrongdoing i.e. "making a disclosure" or "blowing the whistle". The

wrongdoing will typically, although not necessarily, be something they have witnessed at work.

3.2 To be covered by whistleblowing law, a worker who makes a disclosure must reasonably believe two things:

- That they are acting in the public interest i.e. this means that personal grievances and complaints are not usually covered by whistleblowing law; and
- That they must reasonably believe that the disclosure tends to show past, present, or likely future wrongdoing falling into one or more of the following categories:
  - Criminal offences
  - Failing to comply with a legal obligation
  - Miscarriages of justice
  - Endangering someone's health and safety
  - Damaging the environment
  - Covering up wrongdoing in the above categories

3.3 Whistleblowing law is set out in the Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998). It provides the right for a worker to take a case to an employment tribunal if they have been victimised at work or lost their job because they have 'blown the whistle'.

3.4 The Council's [Whistleblowing Policy](#) makes it clear that all concerns raised about actual or potential misconduct, or wrongdoing in the Council, are taken seriously.

3.5 Within the definition of whistleblowing, no issues have been raised during 2024/25.

## 4 Reporting fraud

4.1 Fraud has been committed when someone does not tell the Council the truth about their circumstances, falsifies documentation for personal gain or to cause loss to others. It is a [criminal offence](#).

4.2 The Council has a '[Report fraud](#)' page on its website to enable those that suspect fraud has been committed to report to the relevant body as listed below:

- Benefits – signposts to the Benefits page
- Corporate – contractors or staff committing fraud should be reported via [Report Fraud Online](#) or by mailing [reportfraud@southkesteven.gov.uk](mailto:reportfraud@southkesteven.gov.uk)
- Council Tax or Business Rates – should be reported via [Report Fraud Online](#) or by mailing [reportfraud@southkesteven.gov.uk](mailto:reportfraud@southkesteven.gov.uk)
- Electoral – should be reported to the police as quickly as possible

- Housing or Tenancy - should be reported via [Report Fraud Online](#) or by mailing [reportfraud@southkesteven.gov.uk](mailto:reportfraud@southkesteven.gov.uk)
- Cybercrime – should be reported to [Action Fraud](#)

4.3 This report provides a summary of all other disclosures that were received during 2024/25 and the Council's response to those disclosures. These are considered by the Council's Statutory Officers Group.

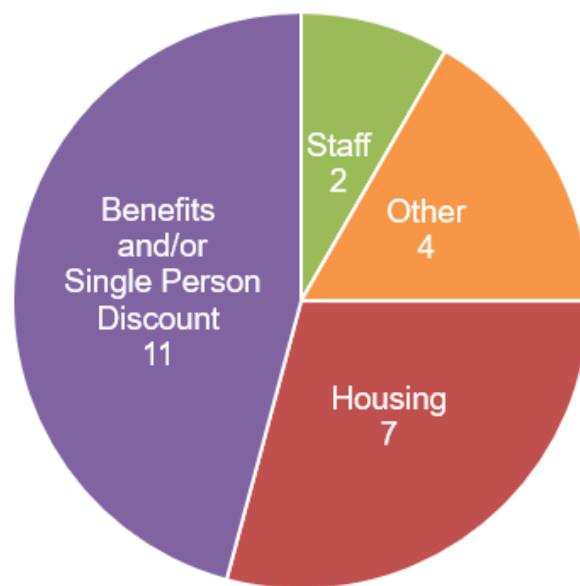
## 5 Summary of Fraud Disclosures

5.1 During 2024/25, the Council received **24** external requests that required investigation, which is an increase on previous years where there were 14 in 2023/24 and 20 in 2022/23.

5.2 The increase is in respect of allegations that Benefits and/or Single Person Discount are being claimed fraudulently.

5.3 All disclosures were made by an external third party, or were anonymous, and as such the legal protection afforded to employees who raise concerns does not extend to these individuals. However, the Council considers that any disclosure made by members of the public should be treated in the same way and consequently makes every reasonable effort to protect all individuals under the Whistleblowing Policy.

5.4 A summary of the category of disclosures made in 2024/25 is provided below and further details are provided in Appendix A.



5.5 The four disclosures relating to the 'Other' category were:

- Procurement rules not followed by a Council owned company
- Numerous concerns around how a business was operating
- Concerns raised over occupancy within caravan park
- Council Tax error

5.6 Summary of the outcome below:

Outcome	Number
Unfounded	14
Founded	4
Referred (to the correct place)	4
Ongoing	2
<b>Total</b>	<b>24</b>

## **6 Response to disclosures**

- 6.1 Whilst all concerns are taken seriously the response will differ on a case-by-case basis. If the disclosure has been made anonymously, and insufficient details have been provided, the Council may be restricted in the action it can take.
- 6.2 For all disclosures received, the Whistleblowing Policy will be followed i.e. a preliminary fact-finding investigation will be undertaken which, if required, will result in a full investigation by the Accredited Counter Fraud Specialist and formal action being considered.
- 6.3 A Confidential Whistleblowing Investigation Report is completed for all whistleblowing disclosures – the template is attached at Appendix B.
- 6.4 Statutory Officers' Group receive a monthly whistleblowing report, including any investigation reports, in respect of whistleblowing disclosures. Statutory Officers' Group review the reports and agree actions to be taken where appropriate.

## **7 Learning from disclosures**

- 7.1 Where an investigation establishes that misconduct or wrongdoing has taken place, appropriate action would be taken including, where appropriate, the use of the Council's formal disciplinary procedure and/or referring matters to third party organisations including the Police.
- 7.2 Where appropriate, management will identify learning points from any issues raised and implement actions to prevent similar issues recurring. If required, this includes consideration of whether there are any systematic improvement actions for the wider organisation.

## **8 Key Considerations**

- 8.1 The Committee should monitor and review the whistleblowing arrangements currently in place and the activities that are being undertaken to mitigate those risks.

## **9 Other Options Considered**

9.1 None.

## **10 Reasons for the Recommendations**

10.1 Governance and Audit Committee, as part of its terms of reference, 9.1 (xx) should approve the Counter Fraud, Bribery and Corruption Framework, and as part of this should monitor and review the counter fraud arrangements currently in place and the activities that are being undertaken to mitigate those risks.

## **11 Appendices**

11.1 Appendix A – Reporting Fraud and Whistleblowing Disclosures 2024/25

11.2 Appendix B – Confidential Investigation Report Template

## Appendix A – Reporting Fraud Disclosures 2024/25

Category	Ref	Brief details of allegation	Outcome
Benefits	203	Benefit fraud	Unfounded
Benefits	204	Benefit fraud	Unfounded
Benefits	210	Default of rent (private)	Whistleblower advised to contact the Universal Credit helpline
Benefits	212	Benefit fraud	Unfounded
Benefits	216	Benefit fraud	Unfounded
Benefits	226	Benefit fraud	Referred to the DWP
Benefits/SPD	211	Running a business and impact on benefits and claiming SPD whilst living with partner	Founded – appropriate action taken
Benefits/SPD	218	Benefits and SPD fraud	Unfounded
Housing	205	Occupancy and benefits	Unfounded in respect of occupancy. Allegations relating to benefits reported to DWP
Housing	207	Tenancy concerns and benefits	Housing continues to monitor tenancy concerns. Allegations relating to benefits reported to DWP
Housing	220	Report of tenant not living in property	Founded – Housing commenced abandonment process
Housing	221	Dishonest housing application	Unfounded
Housing	222	Concerns around a Right to Buy and subsequent action	Investigation ongoing with several Council departments involved
Housing	223	Alleged subletting	Unfounded

Housing	227	Concerns around a Right to Buy and subsequent action	Unfounded
Other	209	Concerns raised over caravan park occupancy	Ongoing – Council was already aware of the issues – several departments continue to work together to resolve
Other	219	Multiple concerns over running a business	Whistleblower advised to ' <i>Report it</i> ' via correct process
Other	225	Procurement rules not followed by a Council owned company	Founded – Investigation undertaken and procurement aborted. The company have accepted all the recommendations as a result of the findings
Other	228	Council Tax error resulting in summons	Error identified and corrected
SPD	213	Alleged claim for SPD whilst living with partner	Unfounded
SPD	214	Alleged claim for SPD whilst living with partner	Unfounded
SPD	217	Alleged claim for SPD whilst living with partner	Incorrect information provided to be able to review
Staff	206	Concerns raised over a staff member	Unfounded
Staff	208	Concerns raised over a recruitment exercise	Investigated – unfounded

## Appendix B – Confidential Investigation Report Template

Reference	2526/___
Date received	
Date closed	
Named party	
Summary	
Category	
Service area & Officer	
Investigating Officer	
Allegation (exact copy and paste of referral)	
Remit of the investigation	
Investigation process	
Witnesses	
Findings	
Conclusions	
Actions	
Appendices	
Signed by Investigating Officer	
Date	

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## Governance and Audit Committee Work Plan 2025-2026

Item	Current Issues/Status	Outcome Sought
<b>24 September 2025</b>		
Housing Benefit Subsidy Claim 2023/24	To provide the outcome of the Housing Benefit (Subsidy) Assurance Process for 2023/24	To review and note the contents of the report
Internal Audit Follow Up Report	Update from the Council's Internal Auditors in respect of progress made against the implementation of actions	To review and note the contents of the report
Strategic Risk Register	Strategic Risk Register is considered every four months	To review and approve the Strategic Risk Register
Risk Management Annual Report 2024/25	Annual report of risk management activities undertaken during the year	To review and note the contents of the report
Health and Safety Annual Report 2024/25	Annual report of H&S activities undertaken during the year	To review and note the contents of the report
Ombudsman Annual Report 2024/25	Annual report of complaints received and decisions made from the Local Government Ombudsman Letter	To review and note the contents of the report
Amendments to the Constitution		
<b>13 November 2025</b>		
External Audit Annual Governance Report	Key findings arising from the statutory audit of the Council	To review and note the contents of the report
Internal Audit Progress Report	Update from the Council's Internal Auditors in respect of progress made against the plan	To review and note the contents of the report

Item	Current Issues/Status	Outcome Sought
Statement of Accounts 2024/25	To be approved each year by the statutory deadline	To approve the 2024/2025 Statement of Accounts and their publication on the Council's website
Annual Governance Statement 2024/25	To consider the Draft Annual Governance Statement for 2024/2025	To review and approve the Draft Annual Governance Statement 2024/2025
Corporate Plan 2024-27: Key Performance Indicators Report	To present the Council's performance against the Corporate Plan 2024-27 KPIs	To review and note the contents of the report
Financial Regulations	Update of the Council's Financial Regulations	Recommendation to Council
Counter Fraud Annual Report 2024/25	Annual report of counter fraud activities undertaken during the year	To review and approve the contents of the report
Safeguarding Annual Report 2024/25	Annual report of safeguarding	To review and note the contents of the report
<b>21 January 2025</b>		
Internal Audit Progress Report	Update from the Council's Internal Auditors in respect of progress made against the plan	To review and note the contents of the report
Indicative Internal Audit Plan 2026/27	Internal Audit to present the indicative Internal Audit Plan for 2026/2027	To review and approve the indicative Internal Audit Plan for 2026/2027
Treasury Management Strategy 2026/27	Council's indicative Treasury Management Strategy for 2026/2027	To review and approve the indicative Treasury Management Strategy for 2026/2027
<b>18 March 2025</b>		
Annual Report on Grants and Returns	External Audit's report on grants and returns for the year	To review and note the contents of the report
Internal Audit Progress Report	Update from the Council's Internal Auditors in respect of progress made against the plan	To review and note the contents of the report

Item	Current Issues/Status	Outcome Sought
Internal Audit Follow Up Report	Update from the Council's Internal Auditors in respect of progress made against the implementation of actions	To review and note the contents of the report
Indicative Internal Audit Plan 2026/27	Internal Audit to present the indicative Internal Audit Plan for 2026/2027	To review and note the contents of the report
Statement of Accounting Policies	Annual report prior to the preparation of the Statement of Accounts to ensure that the policies are up to date and in line with the CIPFA Code of Practice	To consider approving the Statement of Accounting Policies
Strategic Risk Register	Strategic Risk Register is presented to the Committee every four months as part of the monitoring and review of the risk management arrangements	To review and approve the Strategic Risk Register
<b>Unscheduled</b>		
Access to Information Working Group Update	Update on the meeting of the Access to Information Working Group	To review and note the contents of the report
<b>Items to be allocated as and when required</b>		
Code of Conduct		
Code of Corporate Governance		
Constitutional Amendments		
Contract Procedure Rules – being reviewed 2025/26		
Financial Regulations – being reviewed 2025/26		
Risk Management Framework – due in 2027/28		

Item	Current Issues/Status	Outcome Sought
Counter Fraud, Bribery, and Corruption Strategy – due 2026/27		
Anti Money Laundering Policy – due 2026/27		
Whistleblowing Policy – due 2026/27		
Review of Subject Access Requests		
Committee Members meeting with auditors		