

Governance and Audit Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Thursday, 25 June 2026 at 2.00 pm
Council Chamber - Council Offices, St. Peter's Hill,
Grantham. NG31 6PZ

Committee Members: Councillor Paul Wood (Chairman)
Councillor Vanessa Smith (Vice-Chairman)

Councillor Phil Dilks, Councillor Tim Harrison, Councillor Rhea Rayside, Councillor Peter Stephens, Councillor Paul Stokes, Councillor Mark Whittington, Councillor Sue Woolley and Alan Bowling

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 March 2026** (Pages 3 - 10)
- 4. External Audit Plan** (Pages 11 - 47)
External Audit plan and strategy for year ended 31 March 2026.
- 5. Internal Audit Progress Report** (Pages 49 - 101)
Update from the Council's Internal Auditors in respect of progress made against the plan.

It is possible that under Section 100 (A) 4 of the Local Government Act 1972, the public and press will be excluded from the meeting during consideration of this item on the grounds that it is likely, that if they were present, there could be disclosed to them exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

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☎ 01476 406080

Karen Bradford, Chief Executive

www.southkesteven.gov.uk

- 6. Internal Audit Follow Up Report** (Pages 103 - 114)
To review and note the update on the implementation of internal audit actions.
- 7. Internal Audit Annual Report 2025/26** (Pages 115 - 130)
Annual report from the Internal Auditors.
- 8. Stock Management Policy** (Pages 131 - 139)
A draft Stock Management Policy has been developed for consideration and recommend to Cabinet for approval.
- 9. Draft Annual Governance Statement 2025/26** (Pages 141 - 163)
To provide Governance and Audit Committee an opportunity to review the Draft Annual Governance Statement 2025/26, attached at Appendix A, ahead of its inclusion within the Statement of Accounts.
- 10. Reporting Fraud Whistleblowing Annual Report 2025/26** (Pages 165 - 172)
Annual report of monitoring and review of arrangements for the reporting of fraud and whistleblowing
- 11. Whistleblowing Policy 2026-28** (Pages 173 - 185)
To approve the revised Whistleblowing Policy
- 12. Corporate Plan 2024-27: Key Performance Indicators Report - End-Year (Q4) 2025/26** (Pages 187 - 194)
To present the Council's performance against the Corporate Plan 2024-27 Key Performance Indicators (KPIs) within the remit of this Committee for Quarter Four 2025/26.
- 13. Start time of Full Council meetings** (Pages 195 - 202)
The Governance and Audit Committee is requested to consider the results of a survey to all Members of the Council in respect of start times of Full Council.
- 14. Proposed Review of the Constitution (Verbal Briefing)**
- 15. Work Programme 2026 - 2027** (Pages 203 - 208)
To consider the Committee's Work Programme for 2026 – 2027.
- 16. Any other business, which the chairman, by reasons of special circumstances, decides is urgent.**

Meeting of the Governance and Audit Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Wednesday, 18 March 2026, 10.00
am

Committee Members present

Councillor Tim Harrison (Chairman)
Councillor Paul Wood (Vice-Chairman)
Councillor Habib Rahman
Councillor Rhea Rayside
Councillor Paul Stokes
Councillor Sue Woolley
Councillor Elvis Stooke
Alan Bowling

Cabinet Members present

Councillor Ashley Baxter
Councillor Philip Knowles

Officers

Richard Wyles, Deputy Chief Executive and Section 151 Officer
Graham Kitchen, Director of Law and Governance (Monitoring Officer)
Claire Moses, Head of Service (Revenues, Benefits, Customer Services and Community)
David Scott, Assistant Director of Finance and Deputy Section 151 Officer
Joshua Mann, Democratic Services Officer
Gurpreet Dulay, Internal Auditor
Joe Taylor, Internal Auditor

71. Apologies for absence

Apologies for absence were received from Councillors Bridget Ley, Robert Leadenham, and Mark Whittington.

Councillor Elvis Stooke was substituting for Councillor Bridget Ley.

72. Disclosure of interests

No interests were disclosed.

73. Minutes of the meeting held on 18 February 2026

The minutes of the meeting held on 18 February 2026 were proposed, seconded and agreed as an accurate record.

74. Updates from previous meeting

The Democratic Services Officer addressed the outstanding action regarding Councillor Development Plans. He had confirmed with Member Services that the Development Plans were rolled out in January 2025 as an email was sent by the Monitoring Officer at the time inviting Members to take part in the scheme by completing an appraisal-style form. A working group was also formed at the time to oversee it going forward. However, the scheme was dropped as only a handful of Members enrolled.

75. Internal Audit Progress Report

The Leader of the Council entered the Chamber.

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

The progress report graded the following areas:

- Accounts Payable (Design opinion: moderate, effectiveness opinion: substantial)
- Market Services (Design opinion: substantial, effectiveness opinion: moderate)
- Financial Systems and General Ledger (Design opinion: moderate, effectiveness opinion: substantial).

Fieldwork was in progress in respect of the Stock Management audit which was due to be completed by the end of March 2026 and presented to the following Governance and Audit Committee meeting.

During discussions, Members commented on the following:

- Members praised the thoroughness of the report.
- It was queried whether workflow was affected by employee absence. The Assistant Director of Finance confirmed that workflow within the system allowed for Purchase Orders and invoices to be directed to another officer if the relevant employee was out of office.
- A Member sought reassurance about the auditors standard for matters being discharged from imminent scrutiny which had previously been identified. They gave the example of retrospective analysis of mischarging market stall fees and inappropriate instances of cash handling. It was confirmed that this process had been reviewed by the auditors, advice had been given about improving the spreadsheet record, and the market stalls were now cashless.
- It was confirmed that any employees leaving the authority completed a leaving form which was received by the HR and IT Teams so payroll were informed swiftly.

- Clarification was sought about Unit4. Unit4 was outlined to be the new financial system implemented from August 2025. Discussions were ongoing with service areas to tailor the system to ensure it was user-friendly as much as possible and budget holder needs. Any superuser access to the system would be signed off by the Assistant Director of Finance. An audit report was also being put in place to review user access to the system which would be independently checked regularly.

The Internal Audit Progress Report was noted by the committee.

76. Internal Audit Follow Up Report

The Internal Audit Follow Up Report was presented by the internal auditor.

78% of recommendations since 2024/25 had been implemented, with 18% in progress and 4% not due.

Extensions for the due dates of the Climate Plan review and Building Control (EMBC) recommendations were agreed, both were set for 31 March 2026, to ensure thorough scrutiny and approval of the Climate Plan and the Building Control partnership action log.

The due date for a recommendation from the Payroll review was extended, and extensions were granted for recommendations from the Voids Management and Performance Management reviews. The Head of Service (Housing Technical Services) and Voids Manager assessed the last three months of major voids to identify delays and propose solutions to reduce void times, with completion expected by March 2026. Additionally, discussions with Service Leads were ongoing to refresh several KPI indicators and targets as part of performance management processes, which were anticipated to be presented to relevant Committees in the second quarter of 2026/27.

A list of completed and progressing recommendations were detailed within the report.

During discussions, Members commented on the following:

- A Member requested that any amended due dates for agreed audit actions were noted within the summary, outlining the number of dates that had been moved. The auditor noted that ultimately the dates were the responsibility of the officers.
- Members praised the positive report.

The Internal Audit Follow Up Report was noted by the committee.

77. Indicative Internal Audit Plan 2026/27

The Indicative Internal Audit Plan 2026/27 was presented by the Internal Auditor.

The plan was developed in consultation with the Corporate Management Team and was set within the context of a multi-year approach to internal audit planning, such that all areas of key risks would be looked at over a three-year audit cycle.

The following high-risk areas were not included given the scrutiny which the areas had received: Cyber Security and SRR9 – Housing Revenue Account (HRA).

The Internal Audit Operational Plan 2026/27 outlined the following areas for review:

- Accounts receivable
- Asset Management Strategy – General Fund
- Planning Services – Planning Application and Case Management
- Procurement Cards
- Rent Collection
- Sickness and Absence Management
- Renters' Rights Act – Response to New Statutory Responsibilities.
- Equality, Diversity and Inclusion.

In addition to this, an allowance had been made for any support required around the LGR Programme Governance and Readiness Review.

The plan also covered resource time for the following areas of contract management:

- Planning / Liaison / Management
- Recommendations Follow up
- Governance & Audit Committee

20 days of flexible audit resource were included, totalling 200 days allocated to the overall audit plan.

During discussions, Members commented on the following:

- It was confirmed that the upcoming Cyber Security and Resilience Bill was taken into account by the internal auditors. The Deputy Chief Executive and Section 151 Officer noted that the authority had received a £200,000 grant for cyber security arrangements and an audit of the IT strategy had been undertaken in 2025.
- It was queried whether Governance & Audit Committee had been meeting privately with Internal Audit annually, as per the committee's terms of reference. The Chairman acknowledged that a meeting had

tried to be set up but hadn't gone ahead due to availability for agreeing a date, but agreed a meeting would be set up in due course.

Following discussions, it was proposed, seconded, and AGREED to endorse the Indicative Internal Audit Plan 2026/27.

78. 2025-26 Accounting Policies

The 2025-26 Accounting Policies were introduced by the Leader of the Council.

It was good practice to consider and adopt the accounting policies in advance of the production and approval of draft accounts. Consequently, all accounting policies were reviewed for the 2025/26 financial year to ensure they complied with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code).

After reviewing the 2025/26 CIPFA Code, no changes were required to the accounting policies. Appendix A detailed the accounting policies that were applied in the preparation of the 2025/26 Statement of Accounts.

It was proposed, seconded, and AGREED to approve the Statement of Accounting Policies to be used in the production of the 2025/26 Financial Statements.

79. 2025-26 Action Plan for Draft Statement of Accounts

The 2025/26 Action Plan for Draft Statement of Accounts was introduced by the Leader of the Council.

It was agreed at the previous meeting of the committee that the Section 151 Officer would present proposed actions being considered for the closedown of the 2025/26 accounts.

To meet the 30 June 2026 deadline for the Draft Statement of Accounts the following actions were being undertaken –

- Engaging with external support.
- Undertaking lessons learnt.
- Project Planning.

During discussions, the following comments were made:

- The Deputy Chief Executive and Section 151 Officer noted that only 41% of authorities nationwide had met the statutory deadline for audited accounts. He noted that he could not guarantee that SKDC

would meet the 30 June 2026 deadline due to the other high priority competing pressures and potential challenges that arising from the first close down on the new finance system.

- A Member expressed appreciation, noting the deadline was an ambitious target.

The 2025-26 Action Plan for Draft Statement of Accounts was noted by the committee.

80. Treasury Management Report Quarter 3 2025/26

The Treasury Management Report Quarter 3 2025/26 was introduced by the Leader of the Council.

The report provided a review of treasury management activity for the quarterly period to 31 December 2025 and reviewed current developments. The following elements were covered by the report:

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

Debt Management Operations – no additional borrowing was borrowed to the date of the report's publication during 2025/26. All current Council borrowing was with the Public Works Loan Board (PWLb) and the average rate of interest paid on the debt portfolio was 2.50%. As at 31 December 2025, the Council had short-term borrowing of £3.222m. This was to be repaid in instalments of £1.611m on 26 March 2026 and 28 September 2026. The average annual rate of interest on these loan repayments was 3.03%.

Investment Operations - the average size of the investment portfolio for the 9-month period of 2025/26 was £65.960m compared to an average portfolio size of £67.960m during the same period in 2024/25.

Treasury Management Prudential Code Indicators - all investment activity had been maintained within the indicator limits.

During discussions, the following comments were made:

- The Leader of the Council noted that the report had been written before the international financial market turbulence.
- The Deputy Chief Executive and Section 151 Officer noted that the international uncertainty had not yet affected interest rates and SKDC were not in the borrowing market. The authority's emphasis would therefore be on short-term investments until the market settled, with the assistance of professional financial analysts.

The Treasury Management Report Quarter 3 2025/26 was noted by the committee.

81. Housing Benefit Subsidy Audit 2023-24

The Housing Benefit Subsidy Audit 2023/24 was introduced by the Leader of the Council.

The administration of Housing Benefit had become increasingly complex due to frequent changes in regulation, coupled with high caseloads. Where Housing Benefit was overpaid, the Department for Work and Pensions provided different rates of subsidy depending on the classification of the error.

One classification was 'Claimant error overpayments' which arose when a Housing Benefit (HB) recipient delayed in providing required information. In these cases, only 40% of the overpaid amount was recoverable through government subsidy. However, the Council was able to recover up to 100% of the overpaid amount directly from the claimant.

Another classification was 'LA error and administrative delay'. The amount of subsidy paid was determined by upper and lower thresholds, expressed as a percentage of the total Housing Benefit expenditure attracting subsidy.

For 2023/24, South Kesteven's LA Error value was £7,912, which was 0.05% of total expenditure attracting subsidy (£17,471,817). As a result, South Kesteven received 100% subsidy for these errors.

The overall value of the subsidy claim for 2023/24 was £18,022,328. The adjustment to the subsidy claim was £466 – this is just 0.003% of the total subsidy value.

The audit of the Housing Benefit Subsidy Claim 2023/24 for South Kesteven District Council was undertaken by KPMG LLP. The total value of Housing Benefit included on the claim was £18,022,328.

During discussions, the following comments were made:

- It was confirmed that the internal auditors considered the Housing Benefit claims submitted and confirmed that there were no errors found within the process.
- The Vice-Chairman thanked the Benefits Team on behalf of the Governance & Audit Committee.

The Housing Benefit Subsidy Audit 2023-24 was noted by the committee.

82. Work Programme 2026 - 2027

It was noted that the annual Governance & Audit Committee report going to the Annual General Meeting on 21 May 2026 would contain an indicative Work Programme for 2026-27.

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

There was none.

The meeting concluded at 11.00 am.

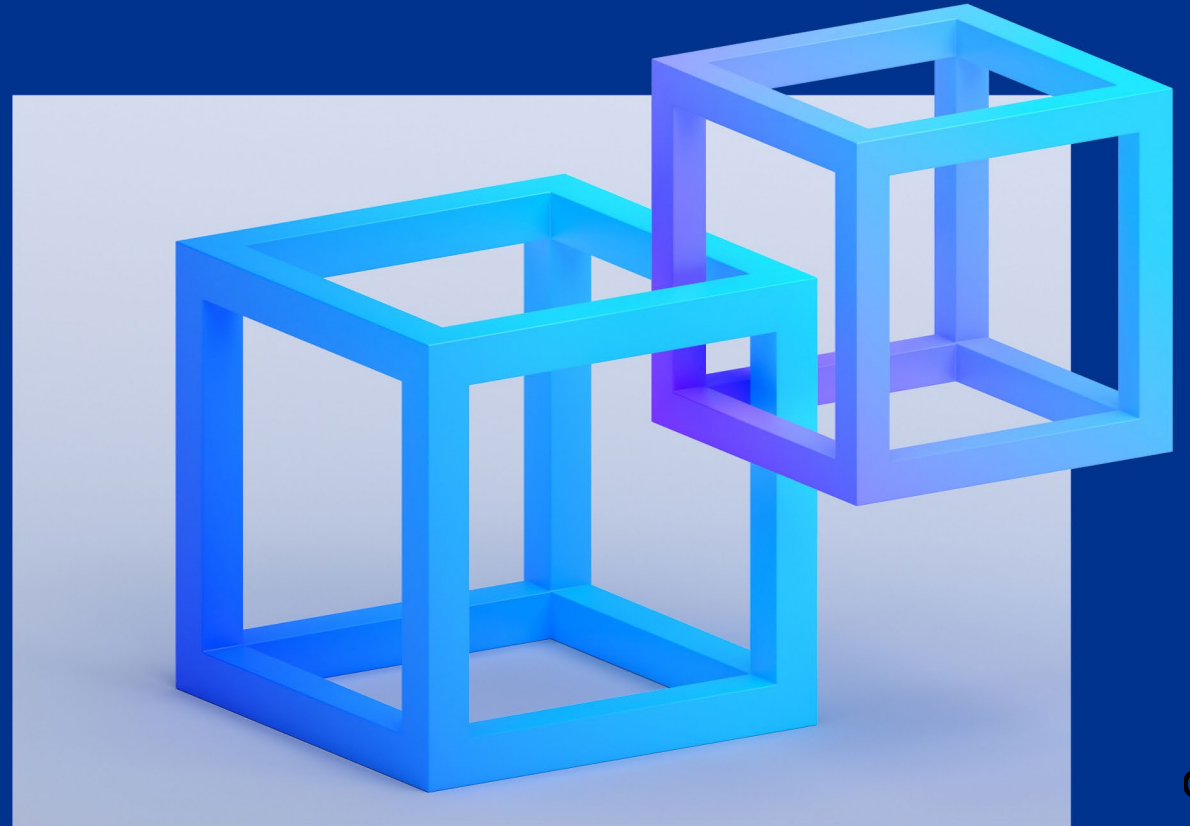


South Kesteven District Council

External Audit plan and strategy for the year
ending 31 March 2026

DRAFT

June 2026



Introduction

To the Governance and Audit Committee of South Kesteven District Council

We are pleased to have the opportunity to meet with you in June 2026 to discuss our audit of the financial statements of South Kesteven District Council as at, and for, the year ending 31 March 2026.

This report provides the Governance and Audit Committee with an opportunity to review our planned audit approach and scope for the 2025/26 audit. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and is carried out in compliance with the NAO's 2024 Code of Audit Practice, auditing standards and other professional requirements.

This report outlines our risk assessment and planned audit approach. Our planning activities are still ongoing and we will communicate any significant changes to the planned audit approach subsequently.

We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

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The engagement team

Salma Younis is the engagement director on the audit. She has over 20 years experience in public sector audit. She shall lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include John Blewett (engagement manager) and Jordan Fulcher (in-charge) with 9 and 4 years of experience respectively.

Yours sincerely,

Salma Younis

Director - KPMG LLP

June 2026

Restrictions on distribution

This report is intended solely for the information of those charged with governance of the South Kesteven District Council and the report is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when :

- An audit is executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls; and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well-planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner.

We aim to complete all audit work no later than 2 days before audit signing.

We are committed to providing you with a high-quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Salma Younis (Salma.Younis@KPMG.co.uk) the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with the response, please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Tim Cutler (tim.culter@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can raise your complaint as per the following process [Complaints](#).

Overview of planned scope including materiality

Our materiality levels

We determined materiality for the Council’s financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We used a benchmark of expenditure which we consider to be appropriate given the sector in which the entity operates, its ownership and financing structure, and the focus of users.

We considered qualitative factors such as stability of legislation, lack of shareholders when determining materiality for the financial statements as a whole.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality £1.38m / 75% of materiality driven by our expectations of normal level of undetected or uncorrected misstatements in the period. We also adjust this level further downwards for items that may be of specific interest to users for qualitative reasons

We will report misstatements to the Governance and Audit committee including:

- Corrected and uncorrected audit misstatements above £92.5k.
- Errors and omissions in disclosure (Corrected and uncorrected) and the effect that they, individually and in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

Control environment

The impact of the control environment on our audit is reflected in our planned audit procedures. Our planned audit procedures reflect findings raised in the previous year and management’s response to those findings.

Our reliance on group-wide controls will be limited to our review of the consolidation process.

Group Materiality

	Entity
Materiality for the financial statements as a whole	£1.85m (24/25: £1.85m 2% of Expenditure)
Performance Materiality	£1.38m (24/25: £1.38m)
Misstatements reported to the governance and audit committee	£92.5k (24/25: £92.5k)

Council Materiality

£1.8m

2% of Council Expenditure £89.7*m
(24/25: £89.7m)

**Actual expenditure in 24/25 Statement of Accounts*

Overview of planned scope including materiality (cont.)

Timing of our audit and communications

We will maintain communication led by the engagement partner and senior manager throughout the audit. We set out below the form, timing and general content of our planned communications:

- Kick-off meeting with management in March 2026 where we outline our audit approach and discuss management’s progress in key areas.
- Governance and Audit committee meeting in June 2026 where we present our final audit plan.
- Status meetings with management in July to December 2026 where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues
- Closing meeting with management in November 2026 where we discuss the auditor’s report and any outstanding deliverables.
- Governance and Audit committee meeting on 21st January 2027 where we communicate audit misstatements and significant control deficiencies.
- Biannual private meetings are also arranged with the Committee Chair.

The above timings are subject to change as the Council confirmed there is a risk it may not issue its draft statement of accounts by the deadline of 30 June 2026.

Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.

Others	Extent of planned involvement or use of work
Internal Audit	We will review the reports prepared by Internal Audit to inform our risk assessment; however, we do not place reliance on this work.
KPMG Pensions Centre of Excellence (PCoE) and KPMG Actuaries	<p>The pensions audit team will perform all planning, risk assessment and substantive procedures over the LGPS account balances.</p> <p>The KPMG actuary will review and assess the underlying assumptions within the Council’s year-end actuarial report.</p>
KPMG IT Audit Team	We will involve KPMG specialist IT Auditors to undertake walkthroughs and document relevant processes and controls with regard to the Council’s General ledger migration, IT environment and any automated controls which could impact on the financial statements audit.

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Significant risks, Higher assessed risks and Other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the business, the industry and the wider economic environment in which the Council operates.

We also use our regular meetings with senior management to update our understanding and take input from teams and internal audit reports.

Due to the current levels of uncertainty there is an increased likelihood of significant risks emerging throughout the audit cycle that are not identified (or in existence) at the time we planned our audit. Where such items are identified we will amend our audit approach accordingly and communicate this to the Governance and Audit Committee.

Value for money

We are required to provide commentary on the arrangements in place for ensuring Value for Money is achieved at the Council and report on this via our Auditor's Annual Report. This will be published on the Council's website and will include a commentary on our view of the appropriateness of the Council's arrangements against each of the three specified domains of Value for Money: financial sustainability; governance; and improving economy, efficiency and effectiveness.

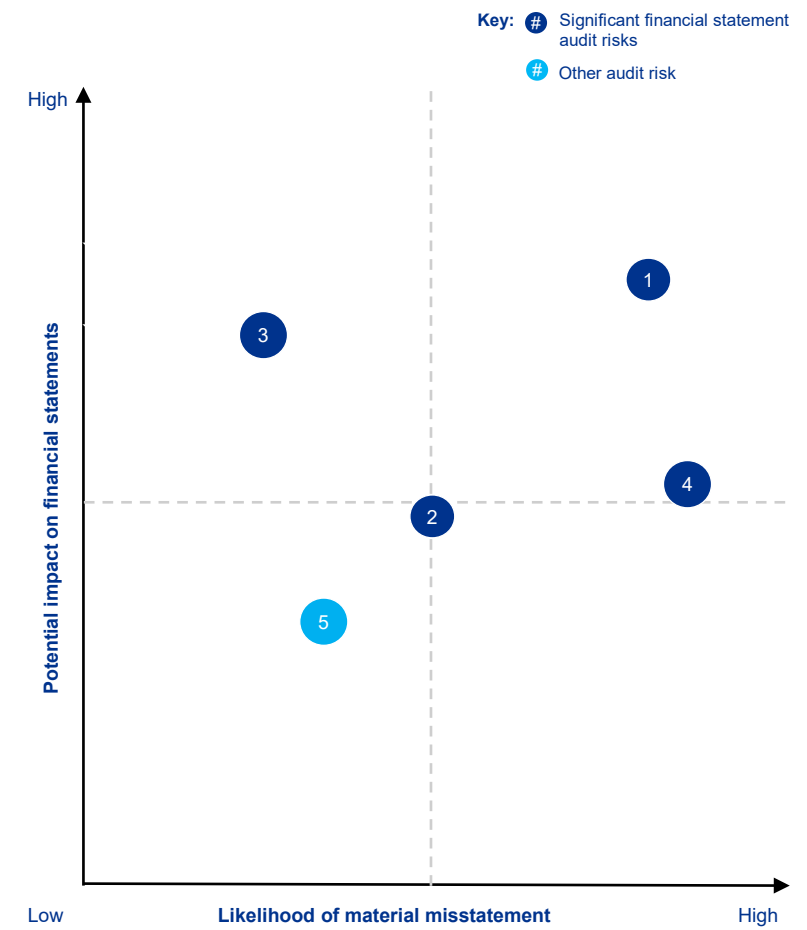
Our risk assessment is now complete and will be presented and reported separately at a future meeting of the Committee.

Significant risks

1. Valuation of land and buildings
2. Valuation of investment property
3. Management override of controls
4. Valuation of post retirement benefit obligations

Other audit risks

5. Ledger Migration



15

Audit risks and our audit approach

1a Valuation of land and buildings –rolling programme

The carrying amount of revalued Land & Buildings differs materially from the fair value

Change vs prior year 



Significant audit risk

The Code of Practice on Local Authority Accounting in the UK 2025/26 ('the Code') has introduced changes to asset revaluation. The Code requires revaluations for each class of PPE are undertaken using one of the following:

- A quinquennial revaluation, supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening four years.

The Authority has historically adopted a rolling revaluation model which sees all land and buildings revalued over a five-year cycle. We are in the process of understanding how the Authority's approach may change and therefore the risks and procedures are subject to change.

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value as the indexation applied is not appropriate.

A further risk is presented for those assets that are revalued in year as valuations are inherently judgmental and there is a risk of error that the assumptions are not appropriate or correctly applied.

The total net book value of Land, Buildings & Surplus Assets in 24/25 was £68,452k.

We have focused our significant risk over the obsolescence and useful economic lives for land and buildings valued on a DRC basis (specialised assets) and the rental rate & yield assumptions used for the EUV valuations (non-specialist assets).



Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the assets revalued in year:

- We will critically assess the independence, objectivity and expertise of the District Valuer, the valuers used in developing the valuation of the Council's properties at 31 March 2026;
- We will inspect the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement;
- We will agree the calculations performed of the movements in value of land and buildings and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code; and
- We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach

1b

Valuation of land and buildings – rolling programme continued

The carrying amount of revalued Land & Buildings differs materially from the fair value

Change vs prior year 



Significant audit risk

The Code of Practice on Local Authority Accounting in the UK 2025/26 ('the Code') has introduced changes to asset revaluation. The Code requires revaluations for each class of PPE are undertaken using one of the following:

- A quinquennial revaluation, supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening four years.

The Authority has historically adopted a rolling revaluation model which sees all land and buildings revalued over a five-year cycle. We are in the process of understanding how the Authority's approach may change and therefore the risks and procedures are subject to change.

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value as the indexation applied is not appropriate.

A further risk is presented for those assets that are revalued in year as valuations are inherently judgmental and there is a risk of error that the assumptions are not appropriate or correctly applied.

The total net book value of Land, Buildings & Surplus Assets in 24/25 was £68,452k

We have focused our significant risk over the selection and application of the indices used for the indexation exercises where assets have not been valued in year.



Planned response

In addition to those procedures on page 6, we will perform the following procedures designed to specifically address the significant risk associated with the assets subject to annual indexation in the intervening four years to the rolling revaluation:

- We will inspect the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the indices used and agree the indexations applied;

Audit risks and our audit approach

1c Valuation of land and buildings – Council Dwellings only

The carrying amount of revalued Land & Buildings differs materially from the fair value

Change vs prior year 



Significant audit risk

The Code of Practice on Local Authority Accounting in the UK 2025/26 ('the Code') has introduced changes to asset revaluation. The Code requires revaluations for each class of PPE are undertaken using one of the following:

- A quinquennial revaluation, supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening four years.

For council dwellings, the Authority has adopted a rolling revaluation model which sees all beacon properties revalued over a five-year cycle. This approach introduces a two-fold risk:

- For the dwellings that are revalued in the current year, there is a significant risk associated with the complexity of judgement and estimation uncertainty on the part of the valuer.
- For the dwellings that are not revalued but rather indexed, there is a risk that the correct indexation may not be applied.

The total net book value of Council Dwellings in 24/25 was £350,864k.

For valuation of Council Dwellings, we have identified a significant risk over the application of the methods, assumptions and data.



Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of District Valuer, the valuers used in developing the valuation of the Council's properties at 31 March 2026;
- We will inspect the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement;
- We will assess the indexation applied to beacon groups that have not been revalued to determine its appropriateness and reasonableness;
- We will agree the calculations performed of the movements in value of land and buildings and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code; and
- We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach (cont.)

2

Valuation of investment property

The carrying amount of revalued investment property differs materially from the fair value

Change vs prior year



Significant audit risk

The Code defines an investment property as one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property. As at March 2025, the value of investment properties was £12.1m.

There is a risk that investment properties are not being held at fair value, as is required by the Code. At each reporting period, the valuation of the investment property must reflect market conditions. Significant judgement is required to assess fair value and management experts are often engaged to undertake the valuations.

From our risk assessment of the elements within the valuations estimate we have focused our significant risk over the income approach methodology and the yield assumptions.



Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of the District Valuer, the valuers used in developing the valuation of the Council's investment property at 31 March 2026;
- We will inspect the instructions issued to the valuers to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement;
- We will agree the calculations performed of the movements and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code; and
- We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach (cont.)

3

Management override of controls(a)

Fraud risk related to unpredictable way management override of controls may occur

Change vs prior year



Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.



Planned response

Our audit methodology incorporates the risk of management override as a default significant risk. Specific procedures include:

- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluate the selection and application of accounting policies.
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post closing adjustments.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the council's normal course of business, or are otherwise unusual.
- Identified journal entries and other adjustments with characteristics that indicate that they may be inappropriate or unauthorised and therefore may have been used to manipulate the financial statements (which we refer to as 'high-risk journals and other adjustments').

Note: (a) Significant risk that professional standards require us to assess in all cases.

Audit risks and our audit approach (cont.)

4

Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation

Change vs prior year



Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council. We therefore determine post retirement benefits obligation to have a high degree of estimation uncertainty.
- The results of the new Triennial Valuation as at 31 March 2025 will also be considered for accounting at 31 March 2026. This means re-basing their estimate models to allow for actual experience since 2022, which could result in corrections to the defined benefit obligation and asset valuations. Contributions payable are also updated, which could have an impact on the assessment of the asset ceiling applicable to the Council.
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and require actuarial involvement.



Planned response

We will perform the following procedures:

- Understand the processes the Councils have in place to set the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Perform inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agree the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluate the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenge, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirm that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice;
- Consider the adequacy of the Council's disclosures in light of the updated information and change of contributions following the completion of the funding valuation, and assess the sensitivity of the deficit or surplus to the assumptions made;
- Where applicable, assess the level of surplus that should be recognised by the entity; and
- Assess the impact of a new triennial valuation model and/or any special events.

Audit risks and our audit approach (cont.)

5 General Ledger Migration



Other audit risk

Risk: The data migrated from the old to new general ledger system are incomplete or inaccurate

The Council migrated its general ledger software in August 2025.

This migration poses a risk of incomplete or inaccurate data having been migrated over and therefore a risk of there being inaccurate ledger balances and inaccurate preparation of the year-end financial statements.

As the timing of the migration was during the financial year, there is also an increased risk relating to the control environment as different processes will have been in operation before and after the migration.



Planned response

We will perform the following procedures:

- We will understand and evaluate the design and implementation of controls in place around the migration to ensure the complete and accurate transfer of data;
- We will consider the impact the migration will have on our understanding of the business processes and perform additional risk assessment procedures to ensure that we have appropriately and sufficiently documented its impact;
- We will understand the changes to the IT environment and involve KPMG IT audit specialists where applicable;
- We will test the migration of data to ensure completeness and accuracy of the transferred data; and
- We will verify the accuracy of the opening trial balance of the new general ledger system and reconcile it to the closing trial balance of the old general ledger system to confirm that the ledger balances have accuracy transferred across.

Audit risks and our audit approach

Revenue – Rebuttal of Significant Risk

Professional standards require us to presume, unless rebutted, that the fraud risk from revenue recognition is a significant risk. Due to the nature of the revenue within the sector we have rebutted this significant risk. We have set out the rationale for the rebuttal of key types of income in the table below.

Description of Income	Nature of Income	Rationale for Rebuttal
Council tax	This is the income received from local residents paid in accordance with an annual bill based on the banding of the property concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of properties in the area and the fixed price that is approved annually based on a band D property: it is highly unlikely for this balance to be subject to fraudulent financial manipulation.
Business rates	Revenue received from local businesses paid in accordance with an annual demand based on the rateable value of the business concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of businesses in the area and the fixed amount that is approved annually: it is highly unlikely for this balance to be subject to fraudulent financial manipulation.
Fees and charges	Revenue recognised from receipt of fixed fee services, in line with the fees and charges schedules agreed and approved annually.	The income stream represents high volume, low value sales, with simple recognition. Fees and charges values are agreed annually. We do not deem there to be any incentive or opportunity to manipulate the income.
Grant income	Predictable income receipted primarily from central government, including for housing benefits.	Grant income at a local authority typically involves a small number of high value items and an immaterial residual population. These high value items frequently have simple recognition criteria and can be traced easily to third party documentation, most often from central government source data. There is limited incentive or opportunity to manipulate these figures.

Expenditure – rebuttal of Significant Risk

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting from the manipulation of expenditure recognition is required to be considered. Having considered the risk factors relevant to the Council and the nature of expenditure within the Council, we have determined that a significant risk relating to expenditure recognition is not required.

Specifically, the financial position of the Council, (whilst under pressure) is not indicative of a position that would provide an incentive to manipulate expenditure recognition and the nature of expenditure has not identified any specific risk factors.

Mandatory communications - additional reporting

Going concern





We will assess the risk relating to management’s judgement on the use of the going concern basis and the adequacy of related disclosures, including any possible material uncertainty. Under NAO guidance, including Practice Note 10 - A local authority’s financial statements shall be prepared on a going concern basis; this is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern. However, financial sustainability is a core area of focus for our Value for Money responsibilities.

Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily 	We have identified issues that we may need to report 	Work is completed at a later stage of our audit so we have nothing to report 
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We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

Type	Status	Response
Our declaration of independence		No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Issue a report in the public interest		We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters to date.
Provide a statement to the NAO on your consolidation schedule		This “Whole of Government Accounts” requirement is fulfilled when we complete any work required of us by the NAO.
Provide a summary of risks of significant weakness in arrangements to provide value for money		We are required to report significant weaknesses in arrangements. Work to be completed at a later stage.
Certify the audit as complete		We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.

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Mandatory communications

Type	Statements
Management’s responsibilities (and, where appropriate, those charged with governance)	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
Auditor’s responsibilities	Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.
Auditor’s responsibilities – Fraud	This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.
Auditor’s responsibilities – Other information	Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.
Independence	Our independence confirmation at page 31 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm’s independence and the integrity and objectivity of the audit engagement partner and audit staff.

Value for money

Our approach

Value for money

Our value for money reporting requirements have been designed to follow the guidance in the Audit Code of Practice.

Our responsibility is to conclude on significant weaknesses in value for money arrangements.

The main output is a narrative on each of the three domains, summarising the work performed, any significant weaknesses and any recommendations for improvement.

We have set out the key methodology and reporting requirements on this slide and provided an overview of the process and reporting on the following page.

Risk assessment processes

Our responsibility is to assess whether there are any significant weaknesses in the Council's arrangements to secure value for money. Our risk assessment will consider whether there are any significant risks that the Council does not have appropriate arrangements in place.

In undertaking our risk assessment we will be required to obtain an understanding of the key processes the Council has in place to ensure this, including financial management, risk management and partnership working arrangements. We will complete this through review of the Council's documentation in these areas and performing inquiries of management as well as reviewing reports, such as internal audit assessments.

Reporting

Our approach to value for money reporting aligns to the NAO guidance and includes:

- A summary of our commentary on the arrangements in place against each of the three value for money criteria, setting out our view of the arrangements in place compared to industry standards;
- A summary of any further work undertaken against identified significant risks and the findings from this work; and
- Recommendations raised as a result of any significant weaknesses identified and follow up of previous recommendations.

The Council will be required to publish the commentary on its website at the same time as publishing its annual report online.

Financial sustainability

How the body manages its resources to ensure it can continue to deliver its services.

Governance

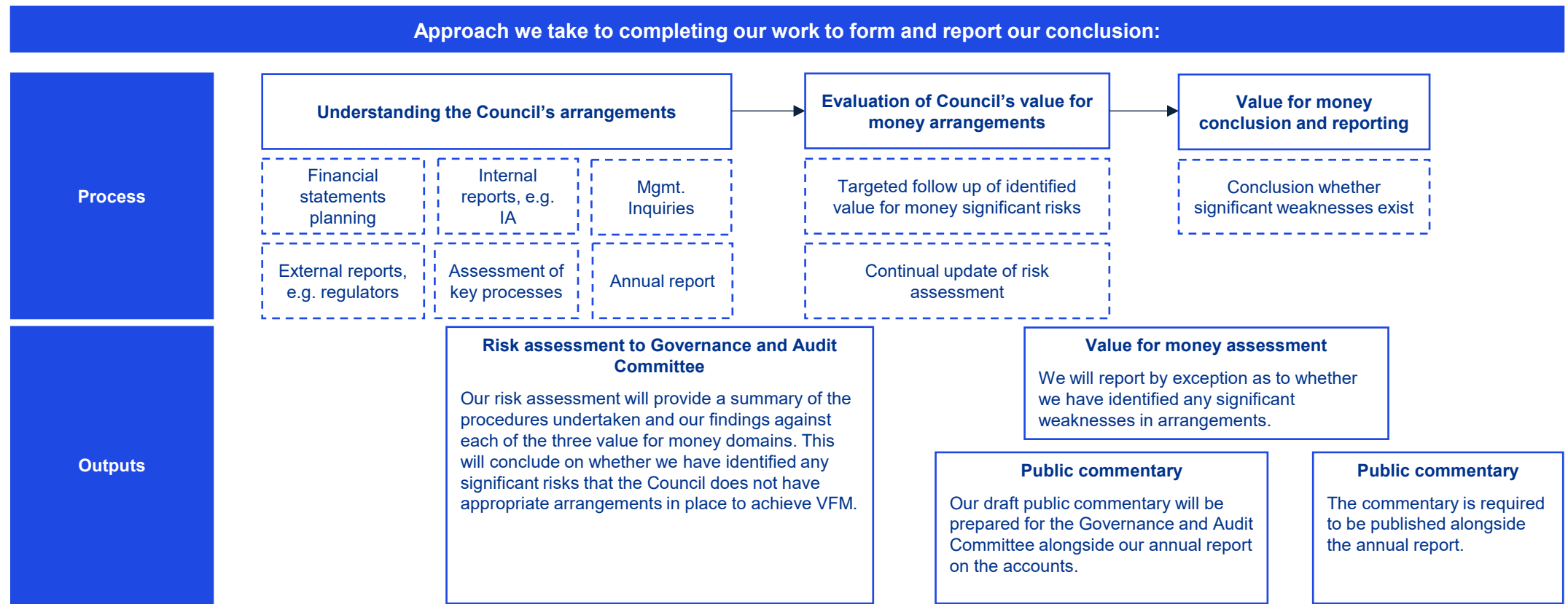
How the body ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.

Value for money

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Summary of risk assessment

Summary of risk assessment

As set out in our methodology we have evaluated the design of controls in place for a number of the Council's systems, reviewed reports from external organisations and internal audit and performed inquiries of management. These procedures are consistent with prior year.

Based on these procedures the table below summarises our assessment of whether there is a significant risk that appropriate arrangements are not in place to achieve value for money at the Council for each of the relevant domains:

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

We have identified one significant risk over the Council's governance arrangements in place to meet the statutory deadline for the preparation and publication of the draft statement of accounts – see page 24 for further detail.

We have provided a summary of the procedures performed and our key findings from these on pages 20 to 26.

We have not raised any recommendations as a result of our risk assessment work.

We have not raised any performance improvement observations as a result of our risk assessment work.

Response to significant risk

The table below sets out the details of the risk that has been identified and the procedures we intend to perform in order to respond to the risk. We will report on our conclusion from these procedures as part of our year end report to the Governance and Audit Committee:

Description of risk	<p>The Government introduced amendments to the Accounts and Audit Regulations which required the Authority to publish its unaudited 2025/26 Statement of Accounts and accompanying information on or before 30 June 2026.</p> <p>Discussions with management to date suggest the Council may not publish the unaudited Statement of Accounts by the required deadline, thus breaching a statutory requirement.</p> <p>We have therefore identified a risk that management do not have appropriate arrangements in place to prepare and publish their accounts in line with the required timetable.</p>
Procedures to be performed	<p>We will inquire with management as to their preparedness for the 2025/26 audit cycle, including the production of the unaudited Statement of Accounts.</p> <p>We have suggested management produce a paper for the Governance and Audit Committee, outlining the proposed timetable and any risks to this timetable. This is particularly important as the audit backstop deadline for 2025/26 accounts is January 2027, compared to February 2026 for 2024/25 audited accounts.</p>

Value for money arrangements

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Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment

The budget setting process is a rolling process as part of the medium-term financial plan, this usually starts in the autumn of the previous year. For 2025/26, the preparation of the budget began in October 2024 with draft budgets approved in February 2025. A detailed timetable is agreed by Executive and Council to ensure appropriate scrutiny and challenge can occur throughout the process.

Budgets are initially prepared at a service level with budget holders producing initial expectations of requirements using their knowledge of the directorate through ongoing budget planning meetings. This is then presented to the Finance team for challenge of assumptions. Individual budget lines are analysed by finance looking at the previous three years to establish trends which are then discussed with budget holders to ensure pressures or potential savings are identified at an early stage. These savings are then incorporated into the plan. Our discussions with finance team and services identified that detailed analysis on both demographic pressures and inflationary pressures for each directorate are considered during the initial budget preparation stage. Communications take place prior to setting the budgets to allow review and challenge of any assumptions. The Budget Joint Scrutiny and Overview and Scrutiny Committee provided cross party challenge of the budget and budget proposal on 14th January 2025 before being shared with Cabinet.

The medium-term financial plan is linked to objectives outlined in the council's Corporate Plan, notably '*providing value-for-money for residents and businesses through responsible and prudent use of resources*'. The budget acts as the start of the cascade process into operational and workforce plans, to ensure that the Council's investment and capital plans are aligned.

Financial Performance is reported to the Finance and Economic Overview and Scrutiny Committee ahead of reporting to Cabinet on a quarterly basis. Forecasts are developed with budget holders using year to date performance and commitments to help inform the forecasting. The Finance team meet with budget holders to agree forecast outturn positions, these are then agreed with Directors. These are detailed through the quarterly monitoring reports. The overall position is then presented to the S151 Officer for agreement prior to reporting to Members.

For 2025/26, the Council set a balanced budget, with no planned use of the Budget Stabilisation Reserve. Throughout the year there were lower than expected adjustments to budget and as at Q3 the Council reported a net underspend of £361k against the adjusted budget on general fund. The key drivers of these positive movements in the forecast were an underspend on fuel costs (£266k) and utilities (£250k), with better-than-expected investment income (£122k) due to higher interest rates. Overall, the Council's projected closing General Fund reserves, are above the Council's stated prudent minimum.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

The Council's budget for 2025/26 included no requirement to deliver savings. Savings plans are usually developed as part of the overall budget setting process and therefore encounter the same levels of challenge, scrutiny and approval as the budget. Actions are identified where there are risks in financial performance for each service through the year. Savings are not separately reported but key savings identified in year are detailed in the reporting on significant variances to budget, for example, as a result of the underspend on utilities through using a procurement framework. This demonstrates the Council's arrangements in this area, are operating effectively.

Under the budget proposals, the Council's indicative budget for 2026/27 and 2027/28 resulted in small deficits and there are savings planned for the medium term. Overall, as per the Corporate plan to 2028, the Council has identified a savings requirement of £1.1m. The objectives of the corporate plan, including key capital projects, are identified within the budget setting process to ensure consistency.

The Council's Risk Management Policy details a clear process and reporting structure in how the entity responds and manages risks. Various risks relating to financial sustainability have been identified by the Council including the requirement for borrowing to fund capital projects in the medium term, lack of clarity on funding for 2026/27 onwards and volatility in fuel and utility prices. Actions identified to mitigate these include regular monitoring of overspend and use of sensitivity to identify worst case scenarios for inflation. The Council has also identified savings plans and is modelling the impact of any borrowing that might be undertaken through Treasury management.

The Council continues to support its wholly owned subsidiary Leisure SK Ltd. In response to LeisureSK's financial difficulties the Council approved a new contract from 1st April 2025 with the company to deliver services under an agency model to improve its finances. In the budget the Council include £150k of cashflow support to stabilise the company's position but we note that as at M9 Leisure SK was projecting a financial surplus for the year of £127k which would contribute towards this support.

Risk assessment conclusion

Based on the risk assessment procedures performed to date, we have not identified a significant risk associated with the Council's arrangements in relation to securing financial sustainability.

Value for money arrangements

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Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2025/26 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.
- How the Council is preparing for Local Government reorganisation

Summary of risk assessment

Risks are identified in line with the Council's Risk Management Strategy. There are several levels of risk management identified - Strategic, Service and Project – and these are monitored through regular review by the register owners, Corporate Management Team (CMT), Heads of Service and Governance and Risk Officer. Assessing the impact and likelihood of each risk is done through a matrix which uses a likelihood/impact model to calculate a risk score. The score is assigned as per the strategy guidance. Challenge comes through a range of officer involvement through project boards.

The Council also engage with external specialists to provide guidance sessions to members. This helps to develop their understanding of risk so that they can appropriately identify strategic risks and challenge the risk appetite and risk scoring effectively in Governance and Audit Committee. We note Internal Audit also provide a supporting Risk Radar report to aid members in their challenge when the risk register is reviewed.

The Strategic risk register is presented to Governance and Audit Committee twice a year for review. As at January 2026, there were 11 risks contained within the strategic risk register; 2 were rated Very High, 5 High and 4 Medium. The risks rated Very High related to; pressures on the Housing Revenue Account viability due to the challenges of providing and maintaining quality social housing provision within the district, and general uncertainty around the impact of Local Government Reorganisation on the Council.

The development of actions is completed using the risk management framework guidance. Actions use the Treat, Tolerate, Transfer and Terminate matrix to evaluate responses to the risk depending on the severity and likelihood. Monitoring is undertaken through either project management teams or boards. When reported to Governance and Audit committee, members are asked to consider the register and report any comments/issues to CMT and Cabinet who also receive the register. Committee reports for all key decisions are mandated to set out the key risk associated with the proposed decision.

The Council undertake a number of measures to prevent and detect fraud. There is a Counter Fraud policy and strategy which complies with the requirements of the Code, this sets out key actions for the Council to ensure compliance. We note a review is currently underway of the policy and strategy. The Council also receives assurance through the work of internal audit, and all staff are required to complete the e-learning on fraud which is held centrally. An annual fraud report is presented to the Governance and Audit Committee including the counter fraud action plan and fraud risk register.

Value for money arrangements

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Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2025/26 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.
- How the Council is preparing for Local Government reorganisation

The 2025/26 financial plan, as part of the medium-term financial plan, went through several levels of review prior to approval by the Council in January and February 2025. The financial plan includes a risk assessment of the key financial risks that the Council faces over the period. These risks are modelled to include increased utility and fuel costs, impact of national pay award, changes to council tax base, business rates base, interest rates etc. The analysis identifies a likelihood percentage and risk value amount, with a worst-case scenario impact on the current reserves.

The Monitoring Officer is responsible for monitoring compliance with all relevant/applicable legal requirements. All Executive reports are subject to mandatory consultation with the Chief Executive, Section 151 Officer and Monitoring Officer. Where required Executive Reports are supported by Equality Impact Assessments. Management inquiries have confirmed there have been no breaches of legislation or regulatory standards that has led to an investigation by any legal or regulatory body during the year.

The Council's Code of Conduct communicates values and expected behaviours of staff and Council members, this is covered through the Code of Conduct and Disciplinary Policy. This is communicated to staff as part of the recruitment process and is available on the staff intranet. This also covers requirements with regard to gifts and hospitality and the register of interests. There are a number of other policies available to view on the Council's website as well as the Constitution which details the Terms of Reference for each committee and the responsibilities of key officers.

In previous years we identified an increase in the number of member complaints under the member code of conduct policy. These complaints required initial investigation by officers and for several cases the Council engaged independent legal expertise to complete investigations. In 2024/25 this resulted in additional legal costs to the Council of c.£70k. We note that whilst the backlog of complaints has been addressed in 2025/26, there remains a relatively high volume, and this continues to require a considerable amount of senior officer time.

We reviewed a number of key decisions made by the Council in year to assess the effectiveness of the arrangements in place. Key decision making is subject to discussion and scrutiny at executive team level and relevant sub-committees such as Governance and Audit and Overview and Scrutiny, followed by formal approval by the Council. All key decision records are available to view on the Council's website.

Value for money arrangements

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Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2025/26 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.
- How the Council is preparing for Local Government reorganisation

One such decision was to sell land at St Martin's Park. In 2023/24 the Council examined options available for the St Martin's Park land project and subsequently approved the decision to sell the land in order to mitigate the financial deficit on the project. As at October 2024, sales contracts had been exchanged committing developers to the scheme at the sale contract prices agreed by Council and landowners and developers were working on items that needed to be finished before the sale contract could be completed with the developers. From inquiries with management as at March 2026 we understand that the sale of the land has not yet been completed as further work infrastructure work has been required. We will follow up on progress as part of our final audit work.

The Council had also made key decisions in relation to the new Finance system. In February 2025, the Council made the decision to postpone the 'go live' date to August 2025. This decision was taken due to further changes in key finance team members and to avoid incurring significant costs from the engaged specialists who would be required to take on more of the implementation work to meet the original deadline. The delay would also help the finance team to manage their competing priorities in relation to year-end close and accounts preparations. The Go-Live was successful in August 2025 and the finance team have access to ongoing support from the external specialists as they commence year-end reporting for 25/26 in the new system for the first time. From inquiries with management, we note that the Council may miss the deadline to publish unaudited statement of accounts by 30 June 2026. As this is a statutory requirement, and one that the Council has not met for the last few years, we have identified a risk of significant weakness in relation to the Council's arrangements to prepare statement of accounts within the deadline.

As stated above, we also note there have been some changes in senior staffing in 2025/26. The Monitoring Officer left the Council in April 2025 and an interim officer was appointed, supported in role by the Chief Executive, to cover the position. A permanent appointment was made in September 2025, though due to notice period the new Monitoring Officer did not take office until February 2026.

A further key decision was taken in year on Local Government Reorganisation (LGR). We note that in response to the Government White Paper on Local Government Reorganisation, the Council examined several options within its submission after working with neighbouring District Councils. The Council submitted its proposal in November 2025 which included support for two new council areas; with North Kesteven, South Kesteven and South Holland combining as one; and East and West Lindsey, Boston and Lincoln in the other. A public consultation was launched in February 2026 and will last until 26th March 2026, with a final decision expected by July.

Risk assessment conclusion

Based on the risk assessment procedures performed to date, we have identified one significant risk in relation to the Council's arrangements to prepare the statement of accounts within the regulatory deadline.

Value for money arrangements

Improving economy, efficiency and effectiveness

In assessing whether there was a significant risk relating to improving economy, efficiency and effectiveness we reviewed:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

Summary of risk assessment

We note that the Council takes part in national benchmarking exercises but does not routinely use benchmarking in reviewing performance. The Council does have processes in place to support it in using information about costs, through financial monitoring, and performance to improve the way services are managed and delivered, with a focus on the level of value for money being achieved. This is reported quarterly through Overview and Scrutiny Committee and Cabinet.

The Council reviews its corporate performance measures as part of the three-year Corporate Plan through a target setting process. The process is co-ordinated by the Corporate Management Team, with input from all directorates. Target setting incorporates benchmarking, assessment of local conditions, and national indicators/reporting requirements.

The Council's performance framework is driven by the Corporate Plan priorities: Healthy & Strong Communities, Growth & Our economy and High Performing Council. We reviewed the performance report for Q2, with monitoring of actions split across the different Overview and Scrutiny Committees. There were 15 actions overall, 9 actions covered by the Finance and Economic Overview and Scrutiny committee. Of those actions with updates, 12 actions were on target or on track and 3 were under review. The KPIs under review related to the full delivery of the Economic Development and Operational Delivery plans, as well as percentage of contracts with value greater than £25k being fully compliant. From inquiries we understood the latter issue was due to a delay in extracting the correct data from the new finance system. Management expect that by Q4 this report will be available and they will be able to confirm compliance.

The Finance and Economic Overview and Scrutiny Committee also reviews financial performance on a quarterly basis and this covers key services, helping to identify any services off target and what actions are being taken to address/mitigate the financial risks. Quarterly reports are also presented to the Cabinet.

We note that the Council has continued to underspend against its capital plan through 2025/26, At Q3 the majority of the underspend related to Street Scene Vehicle Procurement; due to the large number of vehicles being purchased delivery was expected in April 2026. This has led to planned capital budget being carried forward into 2025/26 of £1.39m. This underspend and carry forward request was reported to Cabinet and Finance and Economic Overview and Scrutiny committee, we will revisit the position at year-end.

Value for money arrangements

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Improving economy, efficiency and effectiveness

In assessing whether there was a significant risk relating to improving economy, efficiency and effectiveness we reviewed:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

The Council has a number of key partnerships to help deliver support and services, such as the Building Control Partnership with Newark and Sherwood District Council and Rushcliffe Borough Council, where a partnership agreement is in place and performance is monitored through this arrangement. The Council also has a collaboration agreement in place with Burghley Land Ltd in relation to the land at St Martin's park. There is a partnership policy that details the governance framework for partnership working and all partnerships are recorded in the partnerships register held by Governance team. Monitoring is performed via reporting through relevant Overview and Scrutiny committees.

The Council engages with key stakeholders to help develop the Council as an organisation. There have been numerous consultation with the public around Community Governance in year and Council tax and rate payers were consulted on proposed changes. In preparing the Council's Corporate Plan, residents are encouraged to comment on the Council's priorities, for example in relation to sustainability. Response rates are published in the plan and the 2025/26 narrative report to the accounts.

The Council has appropriate arrangements in place to deal with residents' complaints, Freedom of Information requests, Subject Access Requests, data breaches and whistleblowing allegations. The Council also engages with other local partners such as Legal Services Lincolnshire, Lincolnshire Police, Lincolnshire County Council. We note there has been no outsourcing of services in year.

We note that in April 2026 South Kesteven District Council has been subject to formal inspection by the Regulator of Social Housing. The inspections formal outcome is expected in summer 2026. We will therefore revisit this at year-end to review the findings and consider the impact on our value for money work.

Risk assessment conclusion

Based on the risk assessment procedures performed to date, we have not identified a significant risk associated with the Council's arrangements in relation to improving economy, efficiency and effectiveness.

Appendix

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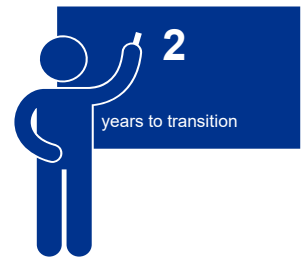
Appendix one Audit team and rotation

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Your audit team has been drawn from our specialist local government audit department and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit director and firm.

	Salma Younis is the director responsible for our audit. She will lead our audit work, attend the Governance and Audit Committee and be responsible for the opinions that we issue		John Blewett is the senior manager responsible for our audit. He will co-ordinate our audit work, attend the Governance and Audit Committee and ensure we are co-ordinated across our accounts and value for money work.		Jordan Fulcher is the in-charge responsible for our audit. He will be responsible for our on-site fieldwork. He will complete work on more complex sections of the audit.
---	---	--	--	---	---

To comply with professional standard we need to ensure that you appropriately rotate your external audit director. There are no other members of your team which we will need to consider this requirement for:



This will be director's third year as your engagement lead. They are required to rotate every five years, extendable to seven with PSAA approval.

Appendix two Audit cycle & timetable

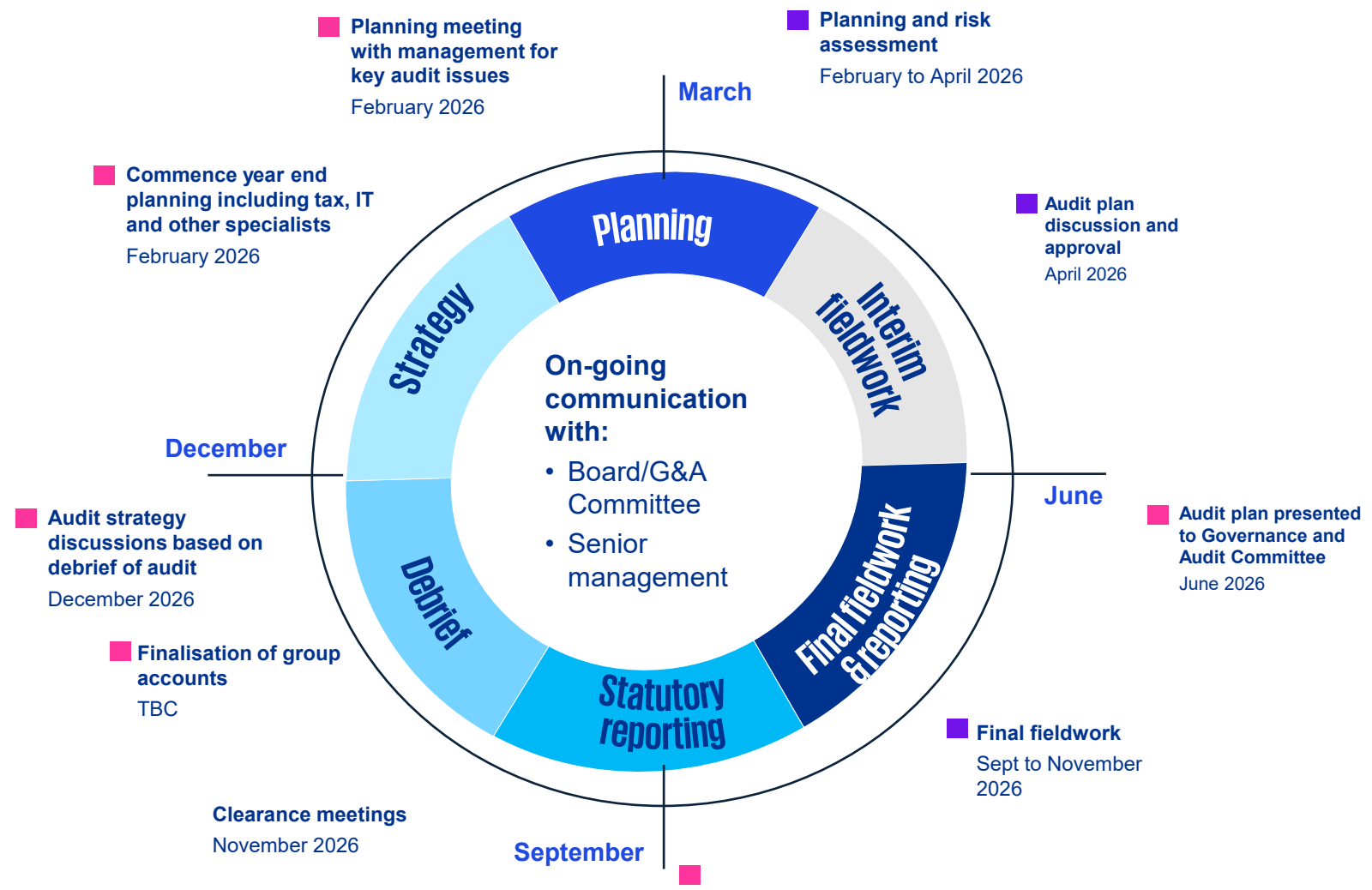
Our schedule Feb 2026 – Jan 2027

Key:
■ Timing of G&AC communications
■ Key events

We have worked with management to generate our understanding of the processes and controls in place at the Council in it's preparation of the Statement of Accounts.

We have agreed with management an audit cycle and timetable that reflects our aim to sign our audit report ahead of the backstop date, 27 January 2027.

The above timings are subject to change as management have confirmed there is a risk it may not issue its statement of accounts by the deadline of 30 June 2026.



Appendix three

Fees

Audit fee

The audit fees for the year ended 31 March 2026 are set out below.

Entity	2024/25 (£'000)	2023/24 (£'000)
Scale fees as set by PSAA	168	166
Agreed PY fee variations	-	13
Agreed current year fee variations	TBC	-
TOTAL	168	179

We note we are expecting fee variations for the following areas in 2025/26 and will advise of the level as work progresses:

- LGPS Triennial valuation (we will be in a position to provide an estimate once this has been considered further.
- The Council performed a ledger migration in August 2025 and as a result we will be required to perform additional procedures, as detailed on page 12.

Fee variations are subject to PSAA approval.

Billing arrangements

Fees will be billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

Basis of fee information

Our fees are subject to the following assumptions:

- The Council's audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- Draft statutory accounts are presented to us for audit subject to audit and tax adjustments;
- Supporting schedules to figures in the accounts are supplied;
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.
- There are no VFM significant risks

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

Any variations to the above plan will be subject to the PSAA fee variation process.

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.

To the Governance and Audit Committee members

Assessment of our objectivity and independence as auditor of South Kesteven District Council

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings.

Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through: Instilling professional values.

- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out in the table overleaf.

Confirmation of Independence

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Disclosure	Description of scope of services	Principal threats to Independence	Safeguards Applied	Basis of fee	Value of Services Delivered in the year ended 31 March 2026 £000	Value of Services Committed but not yet delivered £000
1	Housing benefit grant certification	Management Self review Self interest	<ul style="list-style-type: none"> Separate teams Standard language on non-assumption of management responsibilities is included in our engagement letter. The engagement contract makes clear that we will not perform any management functions. The work is performed after the audit is completed and the work is not relied on within the audit file. Our work does not involve judgement and are statements of fact based on agreed upon procedures. 	Fixed	- (24/25: 27.9)	TBC
2	Pooling of Local Authority Housing Receipts audit	Management Self review Self interest	<ul style="list-style-type: none"> Separate teams Standard language on non-assumption of management responsibilities is included in our engagement letter. The engagement contract makes clear that we will not perform any management functions. The work is performed after the audit is completed and the work is not relied on within the audit file. Our work does not involve judgement and are statements of fact based on agreed upon procedures. 	Fixed	- (24/25: 7)	TBC

Confirmation of Independence (cont.)

Summary of fees

We have considered the fees charged by us to the Group and its affiliates for professional services provided by us during the reporting period.

Fee ratio

The ratio of non-audit fees to audit fees for the year is to be confirmed however based on the 24/25 non-audit fees of £34k we do not anticipate that the ratio would exceed 0.2: 1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2025/26
	£'000
Audit - scale fees	168
Other Assurance Services	TBC
Total Fees	168

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Risk Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

Appendix five KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

■ Commitment to continuous improvement

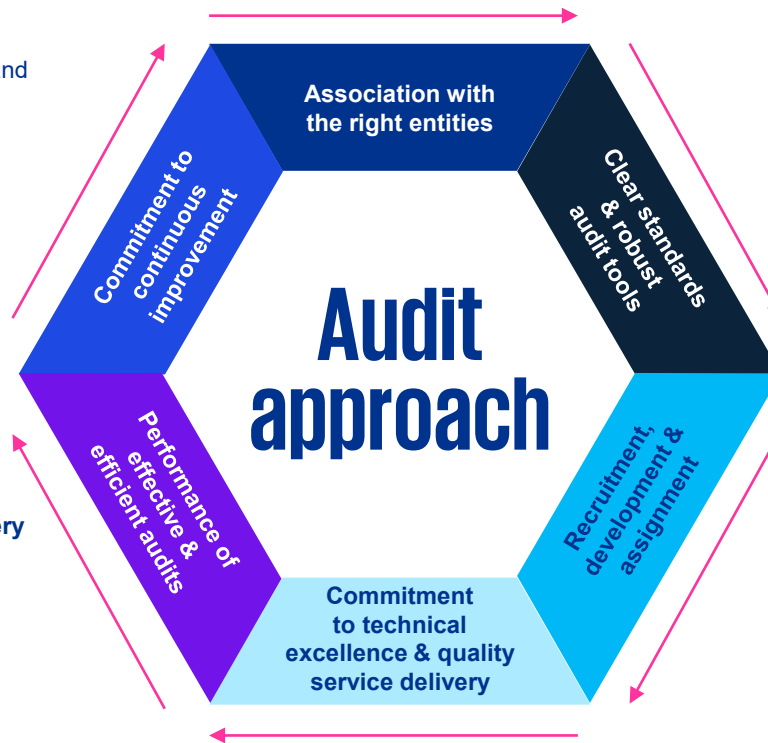
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



■ Association with the right entities

- Select entities within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

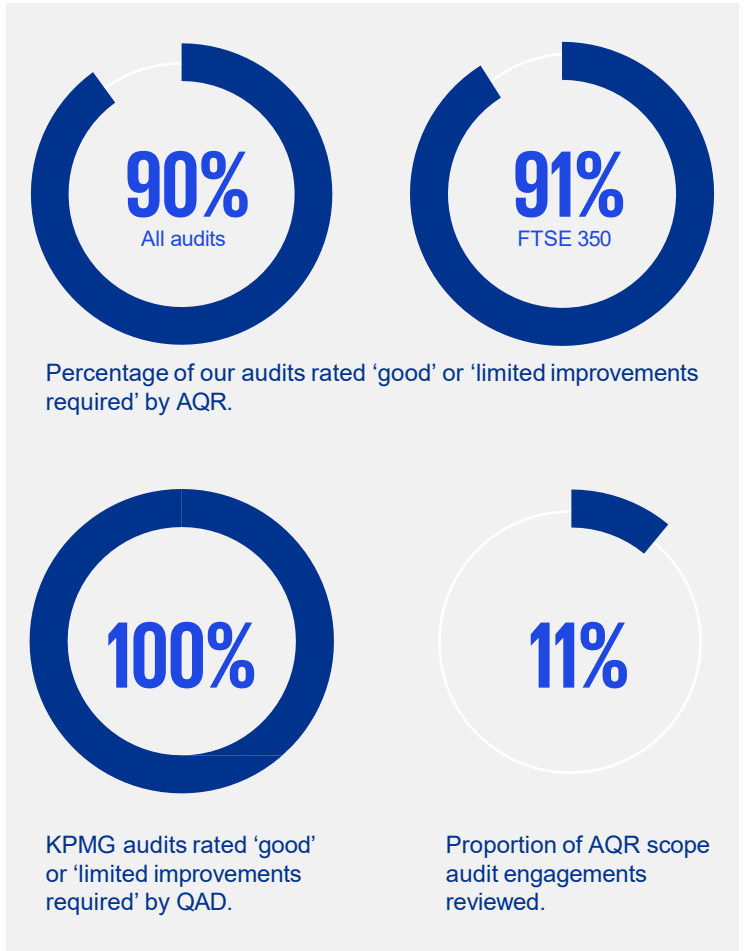
■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists

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Appendix six 2025 AQR results

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The FRC published reports on the findings of AQR and QAD 2023/24 inspection of KPMG and the other tier 1 firms (which largely covered years ending between August 2023 and March 2024) on 15 July 2025

Key findings	Our response	Good practice identified
<p>Estimates</p> <p>“Improve the quality and consistency of the audit of estimates in the valuation of investments and provisions.”</p>	<p>A targeted programme to support engagements which have estimates with certain characteristics has been initiated.</p> <p>Alongside this, we continue to invest in our training and culture programmes to reinforce the behaviours expected, including consistent application of a critical thinking mindset and the extent of evidence expected.</p>	<p>At an engagement level areas of good practices were identified including:</p> <ul style="list-style-type: none"> • Risk assessment and planning including bribery & corruption, climate and provisions; • Audit of provisions; • Audit of impairment • Use of specialists; • Group audit oversight; and • Stand-back assessment. <p>Good practices were identified in various areas at the firm level including identification of SOQM deficiencies, component auditors compliance with the ethical standards, the continued roll out of the Ethics Programme and the development and use of new technology.</p>
<p>Consolidation and other journals</p> <p>“Improve the quality of the audit of consolidation and other journals.”</p>	<p>Enhanced guidance and continuation of a centrally led process designed to challenge the journals approach at an engagement level, together with additional targeted training are helping us to reduce the recurrence of findings in this area.</p>	

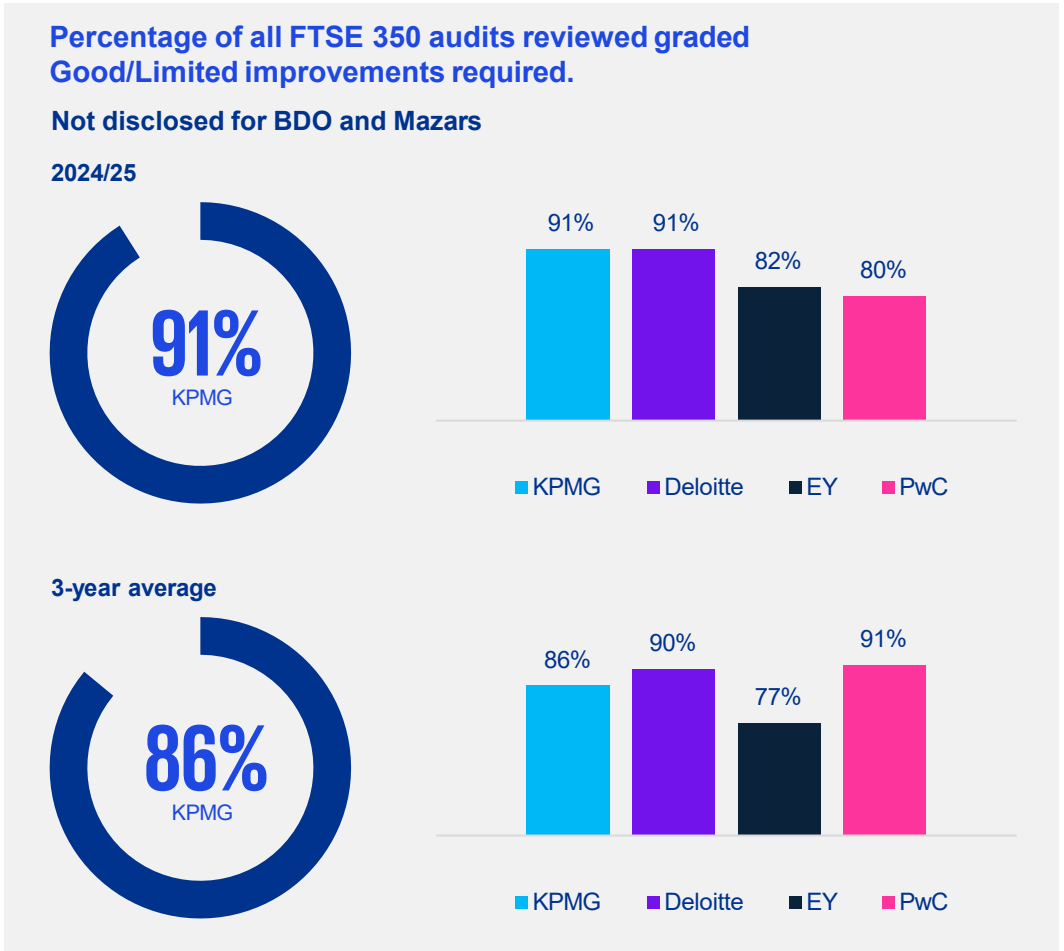
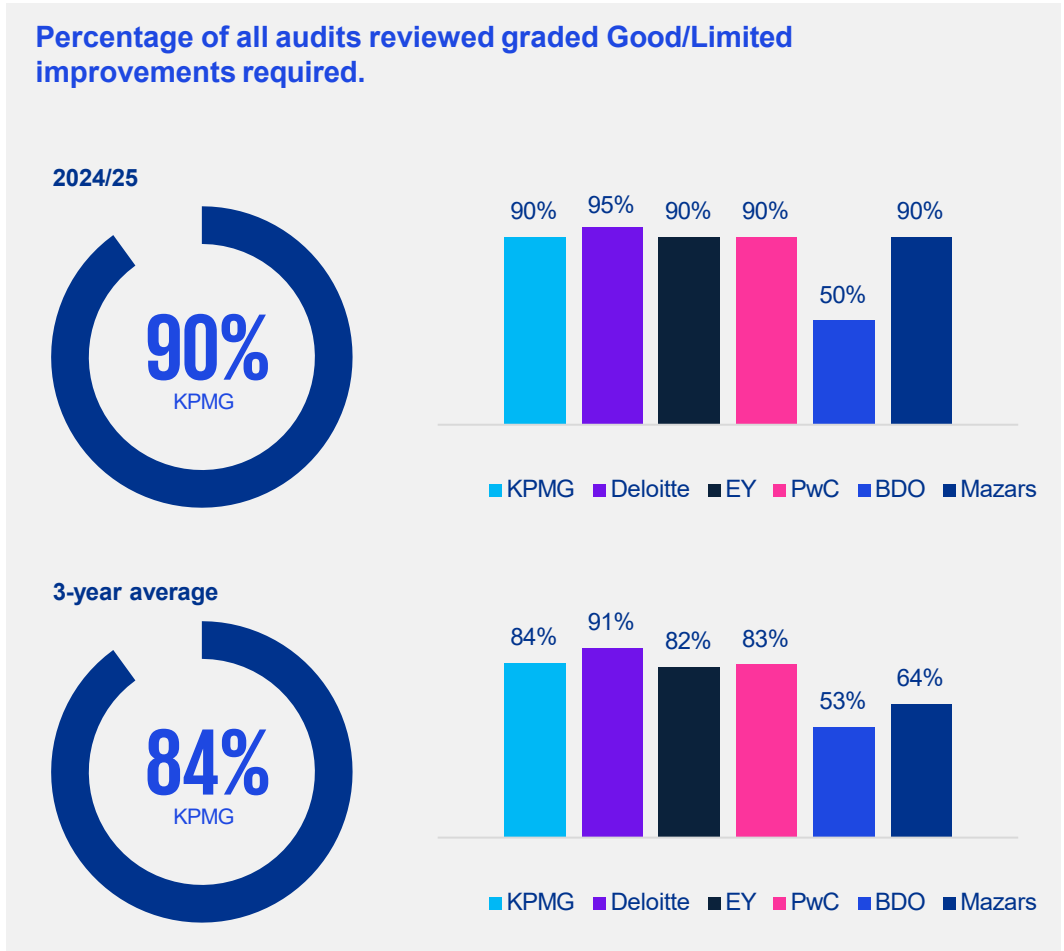
The Audit Quality Review (AQR) team of the Financial Reporting Council (FRC) undertakes independent inspections of the overall quality of the audit work of those UK audit firms that audit listed and other major public interest entities. The AQR inspections involve a number of file reviews at each firm visited. The result of these file reviews are summarised into three main categories as follows:

- Good or limited improvements required;
- Improvements required;
- Significant improvements required



Appendix six 2025 AQR results (cont.)

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South Kesteven District Council
Internal Audit Progress Report
June 2026



IDEAS | PEOPLE | TRUST

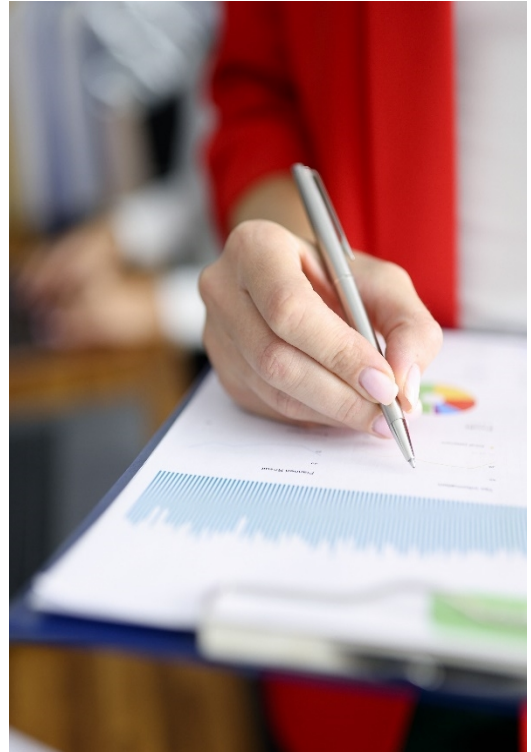
Summary of 2025/26 and 2026/27 work

Internal Audit

This report is intended to inform the Governance and Audit Committee of progress made against the 2025/26 and 2026/27 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 Global Internal Audit Standards in the UK Public Sector. 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.



Internal audit plan 2025/26

We have now completed our delivery of the audit plan with all audit reviews finalised.

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

- ▶ Stock Management.

This concludes our delivery of the 2025/26 Internal Audit Plan, and we are now commencing our work on the 2026/27 work.

Internal audit plan 2026/27

Fieldwork is in progress in respect of the following audits:

- ▶ Accounts Receivable.

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







Review of 2025/26 work

AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Climate Plan	Director of Housing	18 June 2025	✓	✓	✓	S	M
Payroll	Assistant Director of Finance	23 July 2025	✓	✓	✓	M	S
Voids Management	Director of Housing	24 September 2025	✓	✓	✓	M	M
Performance Management	Director of Housing	13 November 2025	✓	✓	✓	S	M
Treasury Management	Assistant Director of Finance	21 January 2026	✓	✓	✓	M	S
Building Control	Assistant Director of Planning	21 January 2026	✓	✓	✓	S	M
IT Strategy	Deputy Chief Executive	21 January 2026	✓	✓	✓	S	M
Accounts Payable	Assistant Director of Finance	18 March 2026	✓	✓	✓	M	S
Market Services	Deputy Chief Executive	18 March 2026	✓	✓	✓	S	M
Financial Systems and General Ledger	Assistant Director of Finance	18 March 2026	✓	✓	✓	M	S
Stock Management	Deputy Chief Executive	25 June 2026	✓	✓	✓	L	L

Review of 2026/27 work





AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Accounts Receivable	Head of Service (Revenues, Benefits, Customer Services and Community)	29 September 2026	✓	✓			
Sickness and Absence Management	Head of Service (Human Resources and Organisational Development)	29 September 2026					
Rent Collection	Head of Service (Revenues, Benefits, Customer Services and Community)	5 November 2026					
Equality, Diversity and Inclusion	Head of Service (Human Resources and Organisational Development)	5 November 2026					
Housing Compliance	Director of Housing and Projects	5 November 2026					
Asset Management Strategy - General Fund	Head of Service (Property and ICT)	21 January 2027					
Planning Services - Planning Application and Case Management	Assistant Director (Planning and Growth)	21 January 2027					
LGR Programme Governance and Readiness Review	TBC	18 March 2027					
Procurement Cards	Assistant Director of Finance	18 March 2027					
Renters' Right Act - Response to New Statutory Responsibilities	Head of Service (Public Protection)	18 March 2027					

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 Engagement Partner or Engagement Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO was found to ‘generally conform’ (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	
Quality of work	We received three responses to our audit satisfaction surveys for 2025/26 reviews, with an average score of 4.2/5 for the overall audit experience and for the value added from our work. The number of responses is lower than we would expect, and we will work with management team to increase the number of responses to our surveys during 2026/27.	  
Completion of audit plan	We have completed the 2025/26 Internal Audit Plan, with the final audit report presented to this Governance and Audit Committee meeting.	

Appendix 1

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

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The matters raised in this report are only those which came to our attention during 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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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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Internal Audit Follow Up of Recommendations Report

South Kesteven District Council

June 2026

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SUMMARY TABLE

2025/26	Total Recs	H	M	L	To follow up	Previously complete		Complete		In progress		Overdue		Not Due	
						H	M	H	M	H	M	H	M	H	M
Climate Plan	4	-	2	2	2	-	1	-	1	-	-	-	-	-	-
Payroll	2	-	2	-	2	-	1	-	1	-	-	-	-	-	-
Voids Management	2	-	2	-	2	-	1	-	1	-	-	-	-	-	-
Performance Management	1	-	1	-	1	-	-	-	-	-	1	-	-	-	-
Treasury Management	2	-	-	2	-	-	-	-	-	-	-	-	-	-	-
Building Control	2	-	1	1	1	-	-	-	-	-	1	-	-	-	-
IT Strategy	3	-	1	2	1	-	-	-	1	-	-	-	-	-	-
Accounts Payable	2	-	1	1	1	-	-	-	-	-	-	-	-	-	1
Market Services	2	-	-	2	-	-	-	-	-	-	-	-	-	-	-
Financial Systems and General Ledger	4	-	1	3	1	-	-	-	-	-	-	-	-	-	1
Total	24	-	11	13	11	-	3	-	4	-	2	-	-	-	2

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SUMMARY NARRATIVE

2025/26

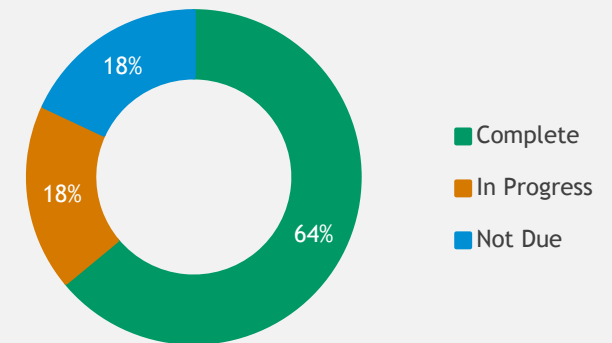
Please find below a summary of the status of implementation of recommendations arising from reports issued in 2025/26.

- ▶ Seven of the eleven recommendations from 2025/26 reviews have been completed, two are in progress, and two are not yet due.
- ▶ The remaining recommendations regarding the Climate Plan, Payroll and Voids Management reviews have now been noted as completed with sufficient supporting documentation received and reviewed.
- ▶ For the outstanding recommendation from the Building Control review, there has been progress against the completion of required actions. We will follow up on the action to recommendation 1b in accordance with the due date previously agreed to allow sufficient time for the Council to be able to fully produce and implement the Power BI dashboard to provide live data as required.
- ▶ Recommendations from the Performance Management review will be reviewed in line with agreed due dates with Service Lead discussions ongoing to refresh several KPI indicators and targets as part of performance management processes.


REQUIRED GOVERNANCE AND AUDIT COMMITTEE ACTION:



We ask the Governance and Audit Committee to note the progress against the recommendations.

Implementation of recommendations since 2025/26




RECOMMENDATIONS: COMPLETE

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2025-26 Climate Plan	<p>2a. Council to finalise and approve the Climate Action Plan at the earliest opportunity, ensuring it translates each of the eight strategic themes into SMART actions with clear timelines and accountable officers.</p> <p>2b. The Sustainability and Climate Change Manager should incorporate a RAG (Red, Amber, Green)-rated tracking and escalation mechanism within the Plan to support regular performance reporting, enable early identification of delivery risks, and inform climate governance decisions.</p>	Medium 	Sustainability and Climate Manager	30/11/2025 31/03/2026	<p>Management Comments:</p> <p>The draft Climate Action Plan was presented to Environment OSC on 10 November 2025.</p> <p>The purpose of the Climate Action Plan is not only to track progress in implementing projects to drive down carbon emissions arising from direct Council operations (energy used in Council buildings, fuel used in Council vehicles), but also to set out actions for the Council's wider service delivery and external-facing work with partners to address climate change for the region.</p> <p>The final version of the Climate Action Plan, with minor amends, was discussed at Cabinet on 10 March 2026 and Cabinet recommended to approve the adoption of the Climate Action Plan.</p> <p>Internal Audit Comments:</p> <p>We have reviewed the Cabinet Meeting Minutes on 10 March and have noted that the Cabinet have made the decision to approve the adoption of the Climate Action Plan, with delegated authority to the Director of Housing and Projects in consultation with the Cabinet Member for Environment and Waste to approve minor amendments to the Action Plan.</p> <p>On review of the Action Plan, there is clear reference of a provision of a workplan from across service areas of the Council consisting of 64 ongoing, short or medium term actions.</p> <p>Each of the outlined actions includes a Lead Officer who is responsible for the implementation or ongoing delivery of the project. The Climate Action Plan also includes a framework for delivery that sets out the remit of the action.</p> <p>The Climate Action Plan is presented against each of the Council's eight Themes, with relevant actions assigned to each area.</p> <p>Twice yearly reporting will be completed on the Action Plan, with updates provided by the Lead Officer. An annual report will also be presented to the Environment Overview and Scrutiny</p>



AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
					<p>Committee to update on actions, as well as a twice-yearly report to CMT.</p> <p>Evidence has been provided and reviewed to support the completion of the recommendations noted.</p>
2025-26 Payroll	<p>2a. The Exchequer and Systems 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>2b. Exchequer and Systems 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>	Medium 	Exchequer and Systems Manager	30/11/2025 30/04/2026	<p>Management Comments:</p> <p>The Council has arranged training with iTrent to take relevant individuals through how to make the changes to the admin roles to ensure it is split out correctly. The Council have been keeping a checklist to keep a log of who has system admin access.</p> <p>The Council have a user role report in place which is reviewed and checked by the Payroll and HR teams. This has been added the process to the monthly payroll check list. Nothing untoward has been identified to date but if there had, it would be flagged up to the Assistant Director of Finance and Deputy Section 151 Officer.</p> <p>Internal Audit Comments:</p> <p>The Council have confirmed that training has now taken place with iTrent, with a subsequent meeting having taken place to update the system so that reporting can be provided to show the updated profile report.</p> <p>Subsequently we have received a copy of the user report for iTrent which is filtered to show system admin access. On review, the only noted system admin roles are limited to the Assistant Director of Finance, Systems and Exchequer Manager, Senior HR Officer and the Head of Service (Human Resources and Organisational Development).</p> <p>Processes regarding user role have been reviewed and deemed sufficient and appropriate as part of monthly payroll checks.</p> <p>Evidence has been provided and reviewed to support the completion of the recommendations noted.</p>
2025-26 Voids Management	1a. The Technical Services Manager should review the drivers of major void durations and develop targeted interventions (e.g. contractor capacity, repair process redesign).	Medium 	Head of Service (Housing Technical Services)	31/12/2025 31/03/2026	<p>Management Comments:</p> <p>The Head of Technical Services and the Voids Manager along with their Team have looked at nine major voids over a period of four months to understand the drivers which impact major void durations to enable interventions to be developed.</p> <p>Key issues identified related to:</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
					<ul style="list-style-type: none"> • Delays associated with the contractor delivering major void works are being addressed through two KPI sheets, which monitor contract performance and compliance with agreed timeframes. These are reviewed monthly by the Voids Manager and Head of Service, with any non-compliance discussed at contractor progress meetings. • Delays at the pre-works stage (scoping and ordering) are now monitored against defined targets, with performance reported monthly through KPIs. • Delays in the post-inspection stage are also being tracked against set targets and reported monthly via KPI monitoring. <p>To reduce delays caused by work being passed between teams, it has been agreed that, where possible, component replacements will be completed by the Voids Team to ensure single-point accountability. Exceptions apply for asbestos removal and heating replacements, which remain with specialist contractors.</p> <p>Enhanced monitoring arrangements have contributed to a reduction in the time taken to complete major void works over the past three months, as evidenced in KPI reporting.</p> <p><u>Internal Audit Comments:</u></p> <p>We have reviewed the voids KPI sheet as well as a copy of the voids review which was conducted in March 2026. As part of their review the Council have taken clear steps to identify the reasoning and outcome for major void durations, with appropriate actions identified to help mitigate the risk of delays moving forward.</p> <p>The voids KPI sheet documents several different performance measures across voids including average time to complete major void repairs and time for post inspection processes after works. A target for 2026/27 has been set for each of the relevant areas being monitored by the Council with monthly reporting and assigned responsibility across each KPI.</p> <p>Evidence has been provided and reviewed to support the completion of the recommendations noted.</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2025-26 IT Strategy	1b. Management should ensure that the Strategy sets out how the defined expectations and objectives link to the Council's wider corporate objectives, as well as any policies, procedures, and activities that are underpinning its delivery.	Medium 	Head of Property and ICT	30/04/2026	<p><u>Management Comments:</u></p> <p>The Council have developed the IT Service Plan for 2026/27, which has been drafted in such a way to support the delivery of the IT and Cyber Strategy, ensuring the corporate plan linkages to the IT Strategy are defined.</p> <p>This will be referenced across all SKDC Service Plans to ensure strategies are aligned to meet the strategy outcomes. All Service Plans have been reviewed by the Corporate Management Team prior to the new financial year.</p> <p><u>Internal Audit Comments:</u></p> <p>We have reviewed a copy of the IT Service Plan for 2026/27 which was noted as last updated by the s151 Officer in March 2026. The Service Plan aligns with the Council's Corporate Plan for 2024-2027 to help link the Council's vision and priorities with objectives and required work to be undertaken by teams and individual officers.</p> <p>The Service Plan highlights key themes to identify how the principles of the IT Strategy link to the Council's key priorities within the Corporate Plan. This is done via the following themes including Engage, Optimise, Empower and Transform. These key themes not only address organisational pressures but are also driven and updated by wider technology industry demands and trends.</p> <p>Evidence has been provided and reviewed to support the completion of the recommendation noted.</p>

RECOMMENDATIONS: IN PROGRESS

These recommendations have been marked as In Progress as they have not been implemented by their original date; a revised date has been provided.

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2025-26 Performance Management	<p>The Head of Corporate Projects, Performance and Climate Change should:</p> <p>1a. Introduce a formal escalation process to ensure KPI updates are consistently provided each quarter. Where services fail to provide timely updates or commentary, this should be challenged directly with the relevant service lead or KPI owner, with non-compliance escalated to CMT. A quarterly monitoring log should be maintained to evidence follow-up action and hold service accountable.</p> <p>1b. Ensure that all exceptions (eg KPIs paused due to leadership changes or awaiting action plans) are formally documented by the Corporate Projects and Performance Team and highlighted in reports to the relevant Overview and Scrutiny Committee and Cabinet, for continuity and completeness.</p>	Medium 	Policy Officer	30/11/2025 31/08/2026	<p>Management Comments:</p> <p>The Council are working on bringing forward a Performance Management Framework (likely very similar to the North Kesteven DC document) to formalise the KPI reporting process as recommended in the audit. Discussions are ongoing with Service Leads on refreshing several KPI indicators and targets. This is expected to be brought to relevant Committees in quarter two of 2026/27.</p> <p>Internal Audit Comments:</p> <p>We note the progress on this recommendation and will follow up in accordance with the revised implementation due date.</p>
2025-26 Building Control (EMBC)	<p>The Building Control Manager should embed a closed-loop performance cycle:</p> <p>1a. Seeking ways to obtain more feedback response by engaging options like we have described recommendation 1e, to help further analyses of customer satisfaction.</p> <p>1b. Consolidate monthly survey metrics into a standard KPI dashboard (including inspection booking reliability, website request completion rate, contact responsiveness, and AM/PM slot adherence)</p>	Medium 	Assistant Director (Planning and Growth) Building Control Manager	1a and 1b - 31/07/2025 1c - 28/02/2026 31/03/2026 1d - 31/03/2025 1e - 31/05/2026	<p>Management Comments:</p> <p>A link to the satisfaction survey is now sent to agents following the issue of a decision notice. This will help increase the return rate as well as receiving feedback from other stakeholders. As well as the standard questionnaire request sent with all completion certificates, the questionnaire is now sent with all approvals which picks up all other stakeholders.</p> <p>As part of the building regulation application process, to enable a completion certificate to be issued for a building project, there is a requirement for the Client to submit a 'Notice of Completion' form. The form requires all Duty Holders (Client, Principal Designer, Principal Contractor) to sign. The Council have now</p>

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	<p>1c. Maintain a partnership action log with owners, target dates, and closure evidence.</p> <p>1d. Escalate negative cases and repeated themes to the Partnership Board with a brief “you said—we did” summary; and verify fixes (e.g., automated inspection confirmation emails and web-form work queues) and reflect outcomes in subsequent dashboards.</p> <p>1e. EMBC could further strengthen feedback engagements using regular agent forums to promote survey participation and by publishing a ‘You said, we did’ summary on the EMBC and partner council websites. This would improve visibility of learning from feedback and help demonstrate continuous improvement beyond survey collection alone.</p>				<p>included a further question at the bottom of the form which asked about the quality of the service provided and asking for a rating between 1 and 5 which also includes a comments box. This question must be returned before any completion certificates are issued.</p> <p>The Council are working on a Power BI dashboard which will provide live data including application stats, inspection booking reliability and completion certificate request response rate. This is still in its infancy (for building control) and is reliant on other Council service areas to complete the data transition.</p> <p>Long term the Council are hoping to include all the information relating to the Building Control OSR data which is required by the Building Safety Regulator every quarter. Current dashboard data includes fee income, % of applications decided within statutory time frame and % of inspection response rate.</p> <p>Regarding AM and PM slot adherence, the Council do try to cater for AM/PM inspections but due to the actual numbers of inspections carried out daily, this is not always achievable and adhering to all AM/PM requests would be counterproductive.</p> <p>The Council have created a SharePoint folder that the partners have access to. This contains an excel spreadsheet log that has all the required information on it as well as a folder for any evidence. The log is a standing item on the Board meeting agenda.</p> <p>The feedback survey data is currently shared with the partners and within the wider team. A log has been created to enable monitoring of key themes and review actions or service improvements that have occurred because of any of the feedback received.</p> <p>This is now a standing item on the Board meeting agenda. Negative comments are not very common and can be listed in a simple word document.</p> <p>As stated above, a developers/agents forum has been set up, and this can be used to obtain further feedback and provide updates about service improvements/changes.</p> <p>EMBC have just migrated over to the SKDC website and are further developing content which will include customer feedback. The Council have also created a Facebook and LinkedIn business profile. These profiles include customer service data with ‘you</p>

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
					<p>said/we do' information which will demonstrate continuous improvement. Partner Council websites link to the EMBC webpage on the SKDC site, as such all the building control content representing the three partners is all in one place.</p> <p>Internal Audit Comments:</p> <p>We have received sufficient and appropriate supporting documentation to be able to mark recommendations 1a, 1c, 1d and 1e as completed. We will follow up on the action to recommendation 1b in accordance with the due date previously provided to allow sufficient time for the Council to be able to fully produce and implement the Power BI dashboard to provide live data as required.</p>

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**South Kesteven District Council
Internal Audit Annual Report and Opinion
June 2026**

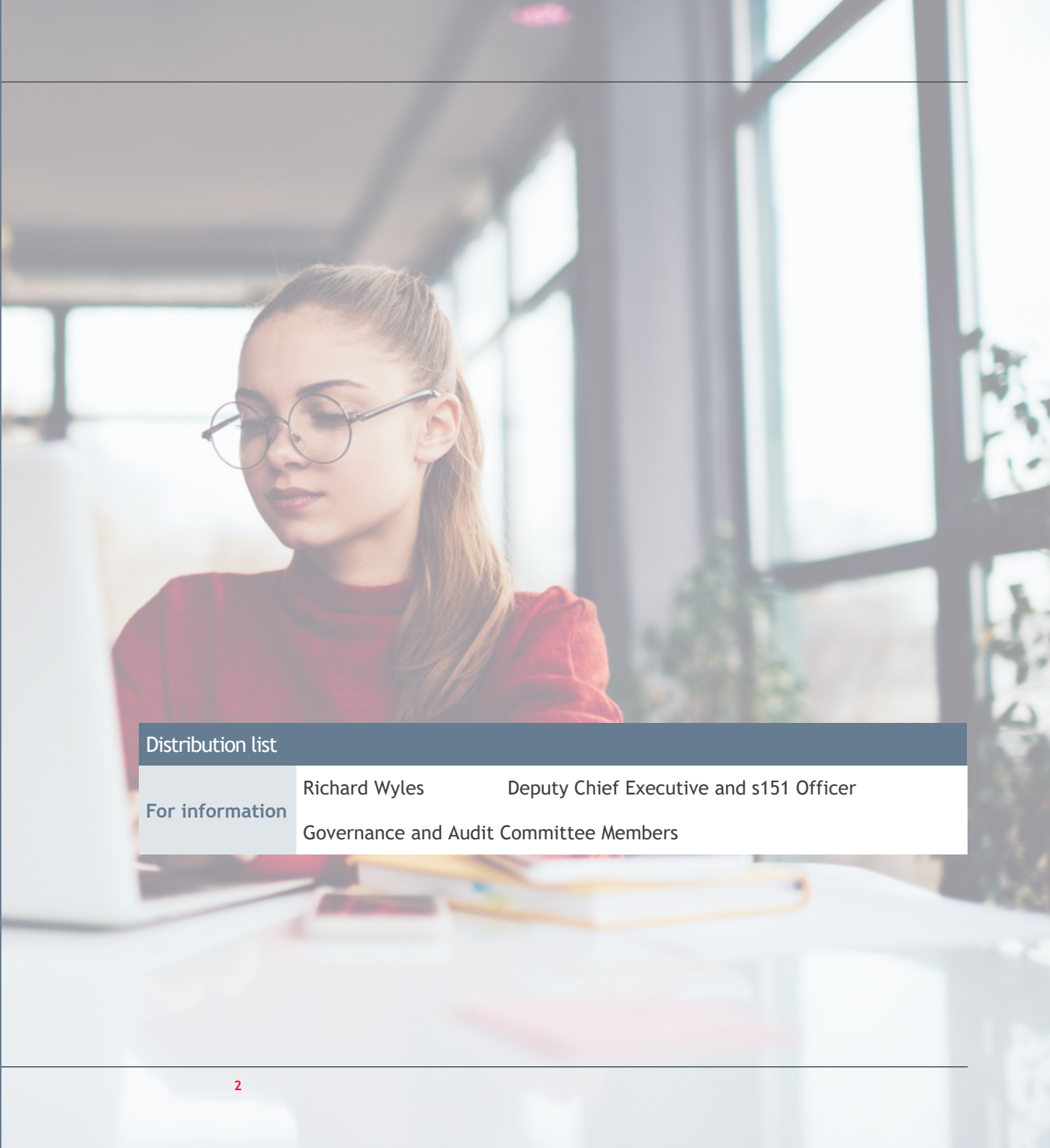


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1.Executive summary

Introduction

Role of Internal Audit

Internal auditing strengthens the organisation’s ability to create, protect, and sustain value by providing Full Council* and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The primary responsibility of the internal audit service is to provide the Board with assurance on the adequacy and effectiveness of risk management, control and governance arrangements.

Responsibility for these arrangements remains fully with management, who should recognise that internal audit can only provide a reasonable level of assurance and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management improve risk management control and governance, so reducing the effects of any significant risks faced by the organisation.

Full Council is ultimately responsible for the system of internal control and the management of risk, including reviewing the effectiveness of internal control. Management is responsible for implementing board policies on risk and control, achieved by designing, operating and monitoring a suitable system of internal control and risk management. All employees have some responsibility for internal control, in that they are all accountable for achieving objectives and should also understand the risk implications of the activities they perform.

*The Global Internal Audit Standards (GIAS) refer to the ‘board’ as ‘the highest-level body charged with governance.’ For South Kesteven District Council, ‘the board’ is the Governance and Audit Committee (GAC) acting on behalf of Full Council.

Planned coverage

Our internal audit work for South Kesteven District Council (the Council) covered the period 1 April 2025 to 31 March 2026 and was carried out in accordance with the Internal Audit Plan approved by the GAC and in line with the recognised Global Internal Audit Standards (GIAS) from the Institute of Internal Auditors and the Internal Audit Standards Advisory Board’s Application Note for the GIAS in the UK Public Sector, which together comprise the ‘GIAS in the UK Public Sector’.

The internal audit programme is risk-based and our work is designed to align to key risks over the life cycle of the internal audit plan. The approved internal audit annual plan for 2025/26 comprised the following assignments:

▶ Accounts Payables	▶ Voids Management	▶ Building Control	▶ Treasury Management
▶ Payroll	▶ Performance Management	▶ Market Services	▶ IT Strategy
▶ Climate Plan		▶ Financial Systems and General Ledger	▶ Stock Management

Changes to the plan

There were no changes to the Internal Audit Plan during 2025/26 and the plan was delivered in accordance with the approval from the GAC on 15 March 2025.

Audit outcomes

The conclusions from our reports are summarised on pages 8 and 9. Key themes are summarised on pages 6 and 7.

Background to the Annual Opinion

Internal Audit is required to provide an opinion to Full Council, through the GAC, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation’s objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation’s risk management, control and governance processes, within the scope of work undertaken by us as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

1. Executive summary

Opinion

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness the Council's risk management, control and governance processes.

Opinion

Our opinion is as follows:

➔ Good

➔ Generally satisfactory with improvements required in some areas

➔ Improvements required

➔ Significant improvements required

Overall, the controls in the areas we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements and value for money. However, there are some areas where weaknesses and/or non-compliance were identified and, therefore, may put the achievement of objectives at risk. No audits received no assurance ratings although we would draw attention to the Stock Management review which was the only limited assurance audit this year. This was a known area of concern and action has been taken to improve controls in this area.

In other areas, we provided Substantial assurance over the design and/or effectiveness of controls. This demonstrates strength in key processes and compliance with these controls.

We have continued to experience strong levels of engagement from management and more broadly across the Council with internal audit, with the Council demonstrating a positive culture for improvement in controls. This was noted throughout the year on individual assignments and more generally, particularly during the audit planning phase where we engaged with Senior Leadership Team Members and Assistant Directors to prepare our risk-based internal audit plan.

Basis of opinion

As the provider of internal audit services to the Council, we are required to provide the Governance and Audit Committee and Full Council with an opinion on the adequacy and effectiveness of the risk management, control and governance processes.

In giving our opinion, it should be noted that the assurance can never be absolute. The most that Internal Audit can provide to the Board is reasonable assurance that there are no major weaknesses in the Council's risk management, control and governance processes.

In assessing the level of assurance to be given, we have taken into account:

- ▶ Our assessment of the design and operation of the underpinning risk management framework and supporting processes, including whether risk appetite has been established and embedded within the activities, limits and reporting of the organisation.
- ▶ The range of individual opinions arising from risk-based audit assignments that have been reported throughout the year; including the relative materiality of these areas.
- ▶ Management's acceptance of our audit recommendations.
- ▶ Management's progress in respect of addressing control weaknesses and implementing recommendations .
- ▶ Reliance placed upon other assurance providers which includes external auditors and benchmarking data provided through our internal audit portfolio of local government organisations which shows that the Council perform in line with other authorities on a range of metrics.

This opinion is based on information provided between 1 April 2025 and 31 March 2026, and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

1. Executive summary

Recommendation follow up

Management action on implementing recommendations

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented in a timely manner, weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment.

Management have worked constructively with us on audit assignments to ensure that recommendations are effective and proportionate to the level of risk identified. Furthermore, in recognition of significant structural changes facing local government (with the announcement of local government reorganisation), management have collaborated effectively with us to ensure that recommendations were achievable, while mitigating the risk identified.







Internal Audit performed a follow up review periodically throughout the year to verify the status of the open internal audit actions. Overall, out of 23 medium and high actions which have been raised for internal audit reports completed between 1 April 2025 and 31 March 2026:

- Fully implemented 30% of recommendations
- Partially implemented 9% of recommendations
- 61% of implementations which are not yet due at time of reporting
- Not implemented 0% of recommendations.









2. Thematic reporting

Throughout the 2025/26 internal audit plan, we have considered key findings against six core themes. Broadly, these themes were considering the following key questions:

Area	Principle
 Strategic Alignment and Reporting	<ul style="list-style-type: none"> ▶ Is the area under review coherent with the overall strategic objectives, and is reporting sufficient and appropriate to enable effective oversight at a strategic level?
 Controls & Assurance	<ul style="list-style-type: none"> ▶ What first/second line controls are in place, and are these offering adequate comfort? Does the business obtain assurance from other sources? ▶ Is the overall control framework fit for purpose?
 Documentation	<ul style="list-style-type: none"> ▶ What is the quality of the documentation? Is it user friendly, accessible, and easily understood? ▶ Where are documents stored? Are policies up to date?
 Systems & Data Quality	<ul style="list-style-type: none"> ▶ Is there good quality of data and a 'single version of the truth'? Which systems are used to maintain data integrity? Do the right people have access? ▶ Have relevant performance metrics been calculated and can these be accurately compared to source data and in line with regulatory guidance?
 Resources	<ul style="list-style-type: none"> ▶ Where does responsibility sit? Do they have sufficient capacity? ▶ Are people appropriately skilled and trained? Are there any cultural issues to note? ▶ Are controls in place to reduce the risk of fraud, or to highlight instances where there may be higher risk of fraud within processes?
 Innovation and Efficiency	<ul style="list-style-type: none"> ▶ How is South Kesteven District Council continually developing and are lessons learned exercises undertaken and acted upon? ▶ Are there future looking strategies and improvement plans?

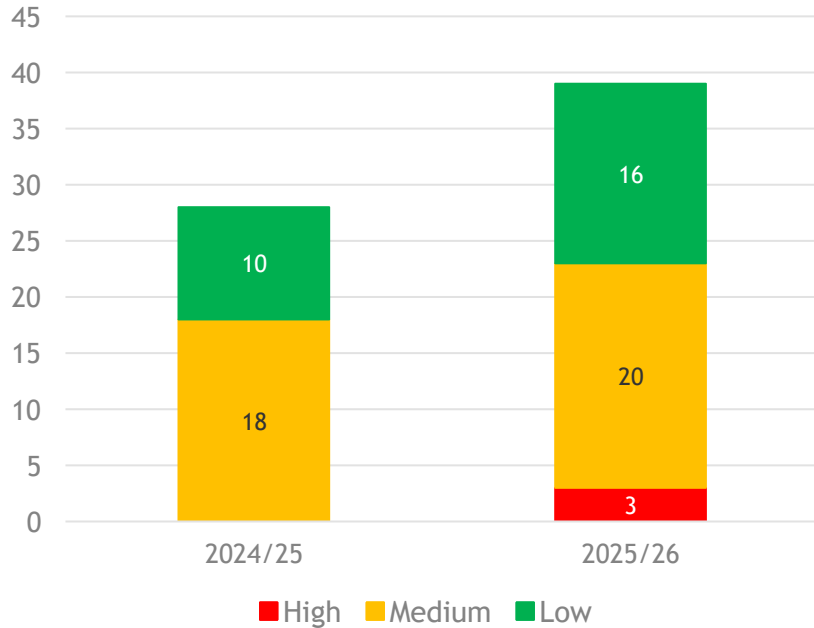
2. Thematic reporting

There was consistent trends around compliance with core processes and procedures, specifically where there is strict legislative requirements that must be adhered to. These themes presented well across the independent assurance programme for the year. Looking across the work we have completed, the themes where more recommendations have focused include on Controls & Assurance, Documentation and Governance and Culture, where systems have not been fully embedded and processes are not fully documented to ensure consistency across all service areas.

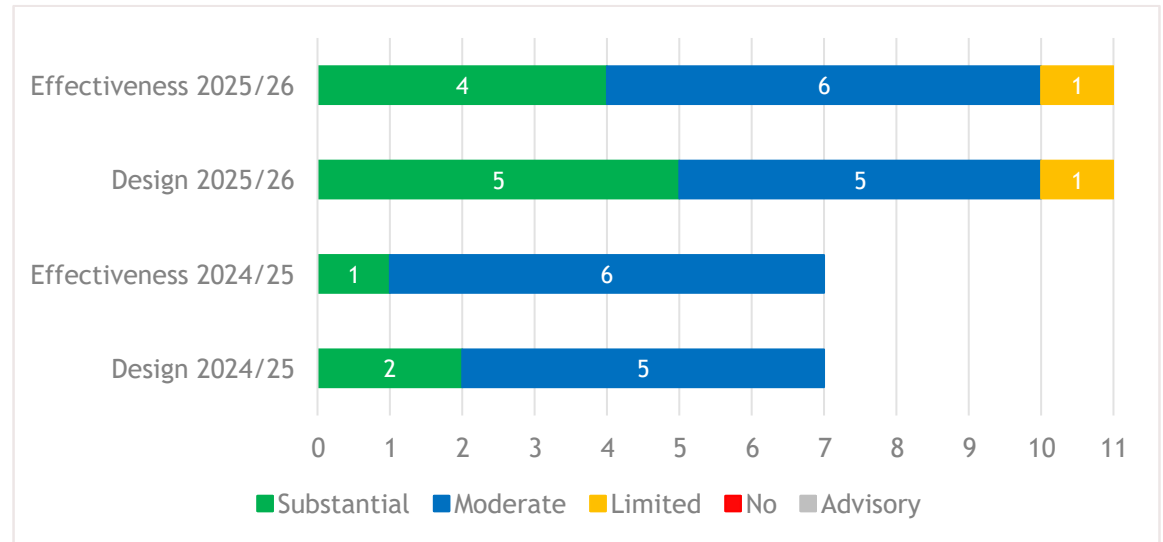
Area	Principle
 Statutory Compliance	<ul style="list-style-type: none"> ▶ We did not find any significant non-compliance with legislative requirements. Compliance with statutory requirements is considered a core expectation of a local authority.
 Controls & Assurance	<ul style="list-style-type: none"> ▶ First line controls were identified across the organisation. The Council has recently implemented a workflow-driven financial system (Unit4) with embedded approval routes, the processes of which however are still being embedded and refined. There is scope to further improve user access controls, although our reviews did not identify any evidence of malpractice. ▶ Similarly, there are gaps within the iTrent system controls which impact payroll control design. However, the effectiveness was found to be substantial despite the potential gaps.
 Documentation	<ul style="list-style-type: none"> ▶ In some areas there was a lack of documented policies and procedures which resulted in inconsistencies across the Council. Notably, this was the case in relation to Main Financial System controls, Voids Management, Stock Management and Building Control, where a lack of a single corporate policy weakened the control system. ▶ In some cases, action plans lacked clear ownership and deadlines and/or remained in draft format.
 Governance and Culture	<ul style="list-style-type: none"> ▶ Effective governance was observed in several areas including Building Control services. In relation to performance management, a suite of key performance indicators (KPIs) had been formally agreed and there was evidence or regular structured reporting to key governance groups, including the Scrutiny Committees and Cabinet. ▶ However, there was a lack of management information in some areas, including Accounts Payable. Additionally, KPI data was found to not always be fully utilised to drive actions.
 Resources	<ul style="list-style-type: none"> ▶ Our reviews did not specially identify any concerns relating to resourcing and capacity. ▶ Strengthened resource planning was noted relating to Voids Management.
 Innovation and Efficiency	<ul style="list-style-type: none"> ▶ Generally, we were able to confirm efficiency improvements across all reviews.

3. Summary of results

Recommendations by significance



Assurance opinions



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Year	2024/25	2025/26
Assurance audits completed	7	11
Findings raised	28	39
Average per audit	4.0	3.5

Comparison to prior year

- ▶ In 2024/25 we issued 28 recommendations in total from seven reviews, there was 18 medium and 10 low recommendations issued to the Council. In comparison, in 2025/26 we have issued 39 recommendations from 11 reviews completed, with three high, 20 medium and 16 low recommendations.
- ▶ The total proportion of positive design (substantial and moderate) opinions has dropped from the prior year from 100% to 91%. In 2024/25 there was two substantial and five moderate control design opinions issued to the Council. In comparison in 2025/26, there has been five substantial, five moderate design, but one limited opinion issued to the Council.
- ▶ In 2024/25 there were one substantial and six moderate operational effectiveness opinions issued to the Council. In comparison, we have issued four substantial, six moderate and one limited operational effectiveness opinions.

3. Summary of results

Within the year, we produced eleven audit reports. We set out below our summary of the audits completed, the significance of recommendations raised, our opinions on control design and operational effectiveness, a comparison against the original IA plan and the link to the relevant strategic risk/objective.

The definitions of recommendation significance and report conclusions are set out in the tables in Appendix I. The Audit Plan is mapped to the strategic objectives in Appendix II.

Audit	Type of review	Recommendations and significance			Overall report opinion		Strategic Risk Register Reference
		High	Medium	Low	Control design	Operational effectiveness	
Accounts Payable	Assurance	-	1	1	Moderate	Substantial	SRR04 - Ineffective financial management.
Payroll	Assurance	-	2	-	Moderate	Substantial	SRR04 - Ineffective financial management. SRR14 - Significant fraud/theft successfully committed against the Council.
Climate Plan	Assurance	-	2	2	Substantial	Moderate	SRR11 - Not sufficiently engaging with and responding to climate change.
Voids Management	Assurance	-	2	-	Moderate	Moderate	SRR02 - Serious safeguarding failure by the Council. SRR03 - Serious health, safety, and well-being failure by the Council. SRR05 - Unable to maintain and build quality and consistency in service provision by the Council.
Performance Management	Assurance	-	1	-	Substantial	Moderate	SRR13 - Governance failure. SRR15 - Unable to effectively respond to political priorities.
Building Control	Assurance	-	1	1	Substantial	Moderate	SRR03 - Serious health, safety, and well-being failure by the Council. SRR05 - Unable to maintain and build quality and consistency in service provision by the Council. SRR08 – Not maintaining and developing fruitful partnerships and collaborations.
Market Services	Assurance	-	-	2	Substantial	Moderate	SRR03 - Serious health, safety, and well-being failure by the Council.
Treasury Management	Assurance	-	-	2	Moderate	Substantial	SRR04 - Ineffective financial management. SRR14 - Significant fraud/theft successfully committed against the Council.
Financial Systems and General Ledger	Assurance	-	1	3	Moderate	Substantial	SRR04 - Ineffective financial management.
IT Strategy	Assurance	-	1	2	Substantial	Moderate	SRR07 - Failure to explore digital transformation of Council Services.
Stock Management	Assurance	3	9	3	Limited	Limited	SRR03 - Unable to maintain financial sustainability.

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4. Quality assurance

As a firm we are committed to continual improvement. To achieve this, we apply the latest internal quality standards, which are designed to ensure that the work we perform meets the requirements of the regulatory environment within which each of our clients operates. The provision of Internal Audit services rests with a team of dedicated internal audit professionals who form part of a national Risk and Advisory Services (RAS) team.

Qualifications, Training And Development

It is our policy that staff engaged in the provision of a specialist service be qualified in the relevant professional discipline. In Internal Audit, staff are qualified or are studying for the exams by the Chartered Institute of Internal Auditors, or for a professional accountancy body.

Qualified staff are required to retain commitment to their professional body after their qualification and the firm is committed to continuing professional education and provide staff access to quality training programmes.

Quality assurance processes

We adopt the following processes in order to ensure that the internal audit work we perform meets our required quality standards:

- ▶ **Documented standards** - the fundamentals of our auditing standards are set out within our audit manual and related documentation. Our audit methodology complies with current best practice, Global Internal Audit Standards and GIAS in the UK public sector.
- ▶ **Annual plan** - A risk-based approach is taken to determine the annual plan.
- ▶ **Planning** - each assignment is planned based upon a thorough understanding of the business area being audited and the risks that are associated with that area. All assignments are supported by briefing documents agreed in advance with the client.
- ▶ **Quality assurance** - the work conducted to meet the requirements of each assignment brief is subject to a full client debrief and to manager review within the audit team before a final draft report is issued. All finalised reports are approved and signed off by a licence holder (Partner or Director).
- ▶ **Cold reviews** - we also adopt a cold review process where samples of the work performed by the internal audit team are reviewed to ensure that they meet our own internal standards. These reviews are conducted by professionals outside of the team which conducted the work. The work of cold review is subject to our National Quality Review processes, aimed at ensuring consistency of standards adopted within the firm.

Continuous Improvement

The results of the various review processes that are outlined opposite are used to inform the development needs of staff through our appraisal process and by the development of relevant training courses for the staff involved in internal audit work. The appraisal process adds to the structured training that each member of our RAS team receives on a firm wide basis. At the moment each of our team members is required to attend at least two RAS training days annually with additional training being provided in response to changes in the environment in which we operate.

Compliance with the Global Internal Audit Standards (GIAS)

Based on the results of our internal assessments, we can confirm that our Internal Audit services are aligned and have been delivered in accordance with the Global Internal Audit Standards and Topical Requirements and GIAS in the UK public sector during the year. It should be noted that as the GIAS became effective on 9 January 2025 and GIAS in the UK public sector on 1 April 2025), there has been a transition period during the year.

We confirm there have been no deviations from the GIAS during the year.

External Quality Assessment

The Global Internal Audit Standards of the Institute of Internal Auditors (IIA) requires every internal audit function that aims to comply with its standards to be reviewed, externally, every five years. At BDO we recognise the importance of independent quality assurance and so submit our RAS team to an External Quality Assurance (EQA) review every five years, most recently in April 2021. We engaged the Chartered Institute of Internal Auditors (CIIA) to carry out the EQA and, in summary, their conclusion was that BDO generally conforms to the International Professional Practices Framework (IPPF). This is the highest of the three gradings awarded by the CIIA.

RAS is committed to continuous improvement and has agreed a Quality Assurance Improvement Programme with the CIIA to respond to the recommendations and suggestions raised through the EQA exercise. A copy of the EQA report is available to our clients in order they may obtain comfort regarding our working practices.

Our next EQA is due in late 2026.

5. Quality Assurance Improvement Programme

An update on our specific improvement actions included as part of our Quality Assurance Improvement Programme is below:

Initiative	Benefit	Due date	Status
Ensure our annual plan was wide coverage of the five strategic priorities, providing assurances over the delivery of strategies and objectives across the whole Council, including front-line services impacting residents	Align our audit plan to the Council's strategic risks, ensuring that areas we cover link back to strategic objectives	Ongoing throughout delivery of our 25/26 IA plan which has been mapped to your five corporate priorities and risks	Complete
Apply a blend of audit and advisory techniques using our various toolkits to assess the Council's 'soft controls' such as EDI, Environment, Governance/Culture, Sustainability, etc. This will provide roadmaps to applying best practice controls to achieve objectives	Allows management to gain insights into emerging risks with advisory support rather than traditional third line assurance	Ongoing throughout delivery of our 26/27 IA plan and over our three-year plan to FY29. We have scheduled 'soft control' reviews in our three-year audit plan, including equality, diversity and inclusion and for local government reorganisation, to provide the Council with advisory support as it transitions into a new authority. We will share best practice approaches from across our local government clients who are also impacted by local government reorganisation	Ongoing
Use SMEs and specialist skills and knowledge for highly technical areas of testing Ensure 60% of qualified resources are used in the delivery of the audit plan Ensure team members hold or are working towards professional and relevant qualifications Team members will comply with the firm's and professional bodies policies on CPD requirements	Allow the Council continue to benefit from expertise across our firm on specific, technical audit engagements. Furthermore, use of qualified staff and ensuring our staff maintain relevant CPD ensures that emerging issues and risks are addressed in our audit work to maximise the value to the Council	Through the delivery of individual audit engagements during 26/27 and throughout the full plan for the year	Complete In 25/26, 76% of the audit plan was delivered by qualified staff. The remaining work was all completed by staff working towards a professional qualification. All work was delivered by our RAS Public Sector Team, who are sector specialists. All BDO staff holding professional is required to record CPD on our HR and Finance Portal. From 1 November 2025, this has been extended to all staff.
Commission independent EQA every five years	Allows for independent assurance that our work conforms with the GIAS.	Late-2026	Not yet due

6. Annual attestation of independence

Independence

The Internal Audit function is independent and objective and we undertake our work with an impartial, unbiased attitude, avoid conflicts of interest and perform engagements in such a manner that there are no quality compromises.

During the year we have not acted in any management capacity, taken on any responsibility for the operations of your organisation or provided any services that would compromise our independence.

In the year BDO has not been engaged by management to carry out additional services outside of Internal Audit contract.

If the independence or objectivity of the Internal Audit service is ever impaired, details of the impairment will be disclosed to either the Deputy CEO/their delegate, or the Chair of the Governance and Audit Committee, dependent upon the nature of the impairment.





Relationship with external audit

All of our final reports are available to the external auditors through the Governance and Audit Committee papers and are available on request.

We have also met with External Audit during the year to discuss relevant matters.

Appendix I: Definitions

Annual Opinion Definitions

Opinion		Definition
	Good	The controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements .
	Generally satisfactory with improvements required in some areas	The controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements . However, there are some areas where weaknesses and/or non-compliance were identified and therefore may put the achievement of objectives at risk. Where weaknesses have been identified, improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements .
	Improvements required	Significant weaknesses were identified in both the design and/or operational effectiveness of the controls in all/the majority of the areas which we examined and weaken the risk management, governance and control arrangements. Significant improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements .
	Unsatisfactory	The framework of governance, risk management and control arrangements is poor. Immediate action is required to improve the design and/or operational effectiveness of the governance, risk management and control arrangements.

Appendix I: Definitions

Audit Report Definitions

Level of assurance	Design of internal control framework		Operational effectiveness of controls	
	Findings from review	Design opinion	Findings from review	Effectiveness opinion
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	
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.

Appendix II: Link to strategic objectives

We have mapped the Internal Audit Plan to the organisation's strategic objectives to show coverage across the year.

Audit	Type of review	Link to risk strategic objectives				
		Connecting Communities	Sustainable South Kesteven	Enabling Economic Opportunity	Housing	Effective Council
Accounts Payable	Assurance	-	✓	✓	-	-
Payroll	Assurance	-	-	✓	-	-
Climate Plan	Assurance	✓	✓	-	-	-
Voids Management	Assurance	✓	-	✓	✓	-
Performance Management	Assurance	✓	✓	✓	✓	✓
Building Control	Assurance	-	-	✓	✓	-
Market Services	Assurance	✓	-	✓	-	-
Treasury Management	Assurance	-	-	✓	-	✓
Main Financial Systems	Assurance	-	-	✓	-	✓
IT Strategy	Assurance	-	-	-	-	-
Stock Management	Assurance	-	✓	✓	-	-

For more information:

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The matters raised in this report are only those which came to our attention during our audits and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made organisation. 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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**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Governance and Audit Committee

Thursday, 25 June 2026

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

Stock Management Policy

Report Author

Richard Wyles, Deputy Chief Executive and Section 151 Officer

✉ richard.wyles@southkesteven.gov.uk

Purpose of Report

A draft Stock Management Policy has been developed for consideration by the Governance and Audit Committee.

Recommendations

The Committee is asked to review and recommend the Stock Management Policy, as shown at Appendix A, to Cabinet.

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

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 Financial Regulations set out the roles and responsibilities in respect of stock controls in section 21.11 and following a recent stocks audit, it has been highlighted that there is an absence of formal procedures for the controlling of various areas of stock.
- 1.2 Therefore, in order to maintain effective internal controls and reduce the potential for theft and loss an overarching Stock Management Policy has been developed.
- 1.3 The Policy will act as an overarching guide, but services will be required to develop specific stock procedures that are specific to the stocks they hold of which work has already commenced on developing draft controls within service areas.

Completed by: David Scott – Assistant Director of Finance and Deputy S151 Officer.

Legal and Governance

- 1.4 Formal policies and procedures are approved by the Cabinet. Governance and Audit Committee are asked to recommend this Policy to Cabinet.

Completed by: James Welbourn, Democratic Services Manager

Risk and Mitigation

- 1.5 It is essential that the Council has a Stock Control Policy to ensure that Council assets are protected thereby reducing the risk of theft. It is also important that the Council is aware of its stock levels in the event of an insured peril where it would need to be evidenced as part of any claim.

Completed by: Tracey Elliott, Governance & Risk Officer

2. Background to the Report

- 2.1 The Council approved Financial Regulations set out the roles and responsibilities in respect of stock controls. This is referenced at section 21.11 of the Financial Regulations and is set out below:

Stocks & Stores

Responsibilities of Directors

- *To make arrangements for the maintenance of reasonable levels of stocks and stores in their control.*
 - *To ensure that appropriate up to date records of the level and value of stocks and stores held are maintained.*
 - *To ensure periodical physical examinations of stocks and stores held, against the stock records, should be carried out at a frequency based on the value and vulnerability of the stock.*
 - *To ensure proper security is maintained at all times for all stocks & stores.*
- 2.2 A recent stocks audit undertaken has highlighted an absence of formal procedures for the controlling of various areas of stock and the findings of this report are presented by the Council's internal audit elsewhere on this agenda.
- 2.3 Therefore in order to strengthen the formal arrangements, an overarching Stock Management Policy has been developed, and this is shown at Appendix A. The formation of this Policy is to:
- Ensure stock is available to support service delivery (waste services, grounds maintenance, housing repairs and ICT equipment)
 - Maintain strong financial and audit controls over all stock items
 - Reduce waste, loss, theft, and unnecessary disposal
 - Support compliance with the Council's Contract Procedure Rules and Financial Regulations
 - Provide clear responsibilities and procedures for staff handling stock
 - Ensure accurate, timely stock records for operational and financial reporting
- 2.4 The Policy will act as an overarching guide, but services will be required to develop specific stock procedures that are specific to the stocks they hold. These will provide operational details of how stock is held, the stock access controls, reconciliation procedures and the movement of stock received and being booked out.

3. Key Considerations

- 3.1 Members having considered the internal audit report will identify the requirement to develop a Stock Management Policy which has been developed and is presented at Appendix A.

4. Reasons for the Recommendations

- 4.1 The reasons for the proposals are set out in the report.

5. Appendices

- 5.1 Appendix A – Draft Stock Management Policy

Appendix A – Stock Management Policy – South Kesteven District Council

1. Policy Statement

This policy sets out the principles and procedures for the effective management of stock held by the Council. For the purposes of this policy stock is defined as fuel, materials, and equipment held by the Council. As a public body, the Council must ensure that all stock is procured, stored, issued, and monitored in a manner that is transparent, auditable and compliant with statutory and regulatory requirements.

The Council is committed to safeguarding public assets, preventing waste, and ensuring that operational services have the resources they need to deliver high-quality services to residents.

2. Purpose

The purpose of this Policy is to:

- Ensure stock is available to support service delivery (waste services, grounds maintenance, housing repairs, and ICT equipment).
- Maintain strong financial and audit controls over all stock items.
- Reduce waste, loss, theft, and unnecessary disposal.
- Support compliance with the Council's Contract Procedure Rules and Financial Regulations.
- Provide clear responsibilities and procedures for staff handling stock.
- Ensure accurate, timely stock records for operational and financial reporting.

3. Scope

This policy applies to all Council services that purchase, store, issue, or dispose of stock, including but not limited to:

- Fuel (vehicle and equipment)
- Vehicle Parts replacements
- Grounds Maintenance equipment
- Housing and property maintenance materials
- Operational equipment (PPE, tools, consumables).
- ICT equipment (hardware)

4. Definitions

- **Stock:** Any item purchased, stored, and used to support Council operations.
- **Fuel Stock:** Any fuel held in tanks, bowsers, or containers for fleet or equipment use.
- **Equipment:** Tools, plant, PPE, and operational assets not individually asset-registered.
- **Minimum Stock Level:** The lowest acceptable quantity before replenishment is required.

- **Reorder Level:** The point at which a new order must be placed.
- **Stocktake:** A physical count of stock to verify system records.
- **FIFO:** First In, First Out stock rotation method.

5. Roles and Responsibilities

5.1 Directors, Assistant Directors and Heads of Service

- Ensure compliance with this policy across their service areas.
- Provide resources for secure storage, systems, and staff training.
- Review stock performance and audit findings.

5.2 Procurement & Commissioning

- Ensure all stock purchases comply with Contract Procedure Rules and Financial Regulations.
- Maintain approved supplier lists and framework agreements.

5.3 Appointed Stock Controller (per Service)

- Maintain accurate stock records and oversee stock systems.
- Set and review stock levels for all items.
- Ensure safe, secure, and compliant storage.
- Oversee stocktakes and investigate any discrepancies.

5.4 Operational Managers/Supervisors

- Authorise stock requisitions and usage.
- Ensure staff follow correct issuing and recording procedures.
- Report losses, damage, or irregularities.

5.5 Finance

- Reconcile stock values with financial systems in accordance with materiality thresholds.
- Review stock adjustments and investigate anomalies.
- Ensure compliance with audit requirements.

5.6 All Staff Handling Stock

- Follow procedures for receiving, storing, issuing, and recording stock.
- Report any concerns regarding stock security or accuracy.

6. Procurement of Stock

- All stock purchases must comply with the Council's Contract Procedure Rules.
- Only authorised officers may place orders.
- Reorder levels must be monitored to avoid service disruption.
- Emergency purchases require approval from a designated manager.
- Fuel procurement must follow environmental and safety regulations and only purchased from the approved supplier.

7. Receiving and Inspection

Upon delivery:

- Quantities must be checked against purchase orders.
- Damaged or incorrect items must be rejected or reported immediately.
- All accepted stock must be recorded in the stock management system before use.
- Hazardous materials must be handled in accordance with COSHH and safety procedures.

8. Storage and Handling

8.1 General Stock

- Must be stored in secure, designated areas with restricted access.
- FIFO (first in, first out) must be used unless otherwise required.
- Storage areas must be kept clean, organised, and safe.

8.2 Fuel Storage

- Fuel tanks and bowsers must comply with environmental and fire regulations.
- Access must be restricted to authorised staff.
- Fuel pumps must be calibrated and monitored for irregularities.
- Fuel logs must be maintained for all withdrawals.

8.3 Equipment and Tools

- High-value or portable equipment must be stored in locked areas.
- Issue of tools and plant must be logged to named individuals.
- Damaged equipment must be removed from use and reported.

9. Issuing Stock

- Stock may only be issued upon receipt of an authorised request or job ticket.
- All issues must be recorded immediately.
- Fuel withdrawals must record vehicle, mileage, driver, and quantity.
- Restricted items (eg chemicals, PPE, power tools) require supervisor approval.

10. Stock Levels and Replenishment

- Minimum and maximum stock levels must be set for all items. These levels are set at the discretion of the service area based on consumption and usage.
- High-risk items require tighter controls.
- Slow-moving or obsolete items must be flagged for review.

11. Stocktaking and Audit

- Full stocktakes must be conducted at least annually.
- Cyclical counts must be carried out monthly or quarterly depending on risk.
- Fuel tanks must be reconciled weekly or via automated telemetry.
- Discrepancies must be investigated and reported to Finance.
- Internal Audit may conduct unannounced inspections.

12. Damaged, Obsolete, or Surplus Stock

- Damaged or expired items must be quarantined and assessed.
- Obsolete stock must be reviewed for disposal, recycling, or return to supplier.
- Disposal must follow environmental regulations and be authorised by a manager.
- All disposals must be documented for audit purposes.

13. Security and Loss Prevention

- Access to stock areas must be restricted.
- CCTV may be used where appropriate.
- Fuel stores must be locked and monitored.
- Any suspected theft, fraud, or misuse must be reported immediately and investigated.

14. Record Keeping

- All stock movements must be recorded in the approved stock management system.
- Fuel logs must be retained for a minimum of **six years**.
- Records must be accurate, complete, and auditable.

15. Performance Monitoring

KPIs may include:

- Stock accuracy percentage
- Fuel variance levels
- Value of obsolete stock
- Stock turnover rate
- Number of stockouts

16. Policy Review

This policy will be reviewed every **three years**, or sooner if required by changes in legislation, audit recommendations, or operational needs.

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**SOUTH
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COUNCIL**

Governance and Audit Committee

Thursday, 25 June 2026

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

Draft Annual Governance Statement 2025/26

Report Author

Tracey Elliott, Governance and Risk Officer

✉ tracey.elliott@southkesteven.gov.uk

Purpose of Report

To provide Governance and Audit Committee an opportunity to review the Draft Annual Governance Statement 2025/26, attached at Appendix A, ahead of its inclusion within the Statement of Accounts.

Recommendations

Governance and Audit Committee is asked to consider the contents of the report and provide feedback on the Draft Annual Governance Statement 2025/26 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

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 There are no direct financial implications arising from this report.

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

Legal and Governance

1.2 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.

1.3 This report seeks the Committee's comments and feedback on the draft Annual Governance Statement. This does not itself constitute formal approval of the statement.

Completed by: Graham Kitchen, Director of Law and Governance (Monitoring Officer)

2. Background to the Report

2.1 The Accounts and Audit Regulations 2015 Regulation 6(1)(a) require 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:

Delivering Good Governance in Local Government (CIPFA and Solace, 2016)



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 2025/256
- How the Council has complied with the CIPFA/SOLACE Delivering Good
- Governance in Local Government: Framework
- Governance Framework for 2025/26
- Review of Effectiveness
- Assurance Statement 2025/26 review
- Follow up on 2025/26 key areas of focus
- Governance issues key areas of focus for 2026/27

2.6 The ‘Governance key area of focus for 2026/27’ will be the delivery of:

- Substantial review of the Constitution, including provisions relating to change in planning laws
- Review of the Councillor Code of Conduct and surrounding processes and procedures
- Review of the Council’s procedures relating to Freedom of Information and Subject Access Requests
- Local Government Reorganisation delivery team to be established. Decision on LGR structure expected in July 2026
- Lincolnshire Chief Executives and Leaders to develop a constituted structure for a new Joint Committee for LGR
- Undertaking governance work associated with LGR, including changes to SKDC’s governance practices and contributing to the governance arrangements of any successor authority
- Preparation for elections to take place in May 2027 (District or new Shadow Authority)
- Implement new structure for the Council’s legal team including recruitment of a new Democratic Services Manager
- Housing Regulator judgment expected by July 2026. Improvement Plan to be developed based on findings
- Housing Revenue Account financial sustainability and 30-year business plan review

3. Reasons for the Recommendations

3.1 Members are required to ensure the draft Annual Governance Statement adequately reflects the financial year 2025/26 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 2025/26

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Draft Annual Governance Statement

2025/26



SOUTH
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Foreword

This document sets out South Kesteven District Council's Annual Governance Statement for the period 1 April 2025 to 31 March 2026.

Good governance helps to ensure that local government bodies 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, and displaying a healthy culture, behaviour and values, whilst ensuring transparency, equity and accountability.

The Annual Governance Statement (AGS) is a public report by the Council on the extent to which it believes it has complied with its adopted Constitution, relevant legislation, directives and regulations. It also reviews the performance and effectiveness of its governance arrangements during the year, and sets out any planned changes in the coming 12 months following assessment by external bodies including appointed 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 service by complying with the, Constitution, Corporate Vision and Values, and Corporate Priorities as well as applicable statutory requirements.

This document is drawn from a number of assurance mechanisms including external audit opinions and reports, the Council's governance and decision-making framework, the work of the Governance and Audit Committee, Scrutiny functions, the work of advisors, regulators and the internal auditors.

The Council's system of internal controls 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 therefore provides reasonable but not absolute assurance of effectiveness. The system of internal controls is based on an on-going process designed to identify and mitigate risks to the achievement of the Council's policies, priorities, aims and objectives. It also evaluates the likelihood of those risks being realised and their potential impact should they be realised. It seeks to manage identified risks efficiently, effectively and economically. The Strategic Risk Register is reported to the Governance and Audit Committee three times a year.

Alongside the governance framework the Council has a Corporate Plan 2024-27 in place for the purpose of bringing focus and clarity to our vision for South Kesteven to be a "thriving district in which to live, work and visit."

The Council is confident that it has established a robust foundation of good governance arrangements and is committed to its continuous improvement.



Karen Bradford
Chief Executive
South Kesteven
District Council



Cllr Ashley Baxter
Leader of the Council
South Kesteven
District Council

 @southkesteven

 @southkdc

 [linkedin.com/company/south-kesteven-council](https://www.linkedin.com/company/south-kesteven-council)

Key elements of the Council's Governance Framework 2025/26

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

Statutory Officers Group	<ul style="list-style-type: none"> ■ Monthly meetings of the Head of Paid Service, Section 151 Officer, and the Monitoring Officer (and deputies) to ensure good administrative, financial, and ethical governance in the exercise of its functions ■ 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
Management	<ul style="list-style-type: none"> ■ Reviews performance management and projects including progress against milestones, resource allocation and risks ■ Completes Annual Assurance Statements and contributes to the effective corporate management and governance of the Council
Risk Management	<ul style="list-style-type: none"> ■ Reviews risk registers for strategic, operational and fraud risks. Strategic risks considered by Corporate Management Team and Governance and Audit Committee three times a year
Internal Audit	<ul style="list-style-type: none"> ■ In conjunction with Corporate Management Team, sets the Internal Audit Strategy to meet the Council's overall strategic direction and provide assurance on risk management, governance, and internal control arrangements ■ Undertakes annual programme of audits and presents progress reports against the plan ■ Makes recommendations for improvement in systems and controls and value for money ■ Provides the Head of Internal Audit Opinion on the overall adequacy and effectiveness of the Council's risk management, control, and governance processes



Council Chamber

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 believes it has complied with the seven principles set out in the CIPFA/Solace Framework during 2025/26

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 Councillors and Officers through its Councillor Code of Conduct, Officer Code of Conduct and the Member/ Officer Protocol. These are set out in the Council's Constitution.

Councillor Code of Conduct training formed part of the comprehensive induction programme for Councillors following the quadrennial elections in May 2023, with further refresher sessions being held throughout the term of office on an annual basis. New Councillors elected during 2025/2026 have also been offered the training within six months of their election. The Council has agreed that it is mandatory for all Councillors to attend training on the Councillor Code of Conduct every year.

The current procedure for dealing with complaints against Councillors was approved in September 2023 and which largely followed Local Government Association guidance. Any Councillor Code of Conduct 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. Standards Committee oversees the processes and procedures put in place to deal with Councillor Code of Conduct complaints and promotes high standards of behaviour and conduct in public office. The Monitoring Officer brings an annual report to Standards Committee in relation to the number and type of complaints received in the preceding 12 month period.

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 concerns or complaints about the Council and/or Officers' performance 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.



Council homes start to take shape, Wellington Way, Market Deeping

Whenever the Council makes decisions at its meetings it ensures finance, legal and governance implications are considered. To assist with this, all reports which require a decision to be made include specific sections for comments on any finance, legal and governance implications by suitably qualified Officers. 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 2025/26 several statutory consultations were undertaken which included:

- **Council Tax:** To ascertain if an increase of 2.99% in the Council's element of Council Tax would be supported by residents and businesses within the district

61% supported the proposal to increase the Council's element of Council Tax by 2.99% in 2026/27. 34% did not agree and the remainder chose to answer don't know/not sure

- **Council Tax Support Scheme 2026/27:** To establish what stakeholders think of key elements of the scheme proposed for 2026/27

80% thought that the discounts and premiums should continue in 2026/27. Discounts include 100% discount for 1 month, 25% discount for the following 5 months, and 100% charge thereafter. Premiums include 200% premium for property if empty between 2 and 5 years, 300% premium for property empty between 5 and 10 years, and a 400% premium if empty for over ten years

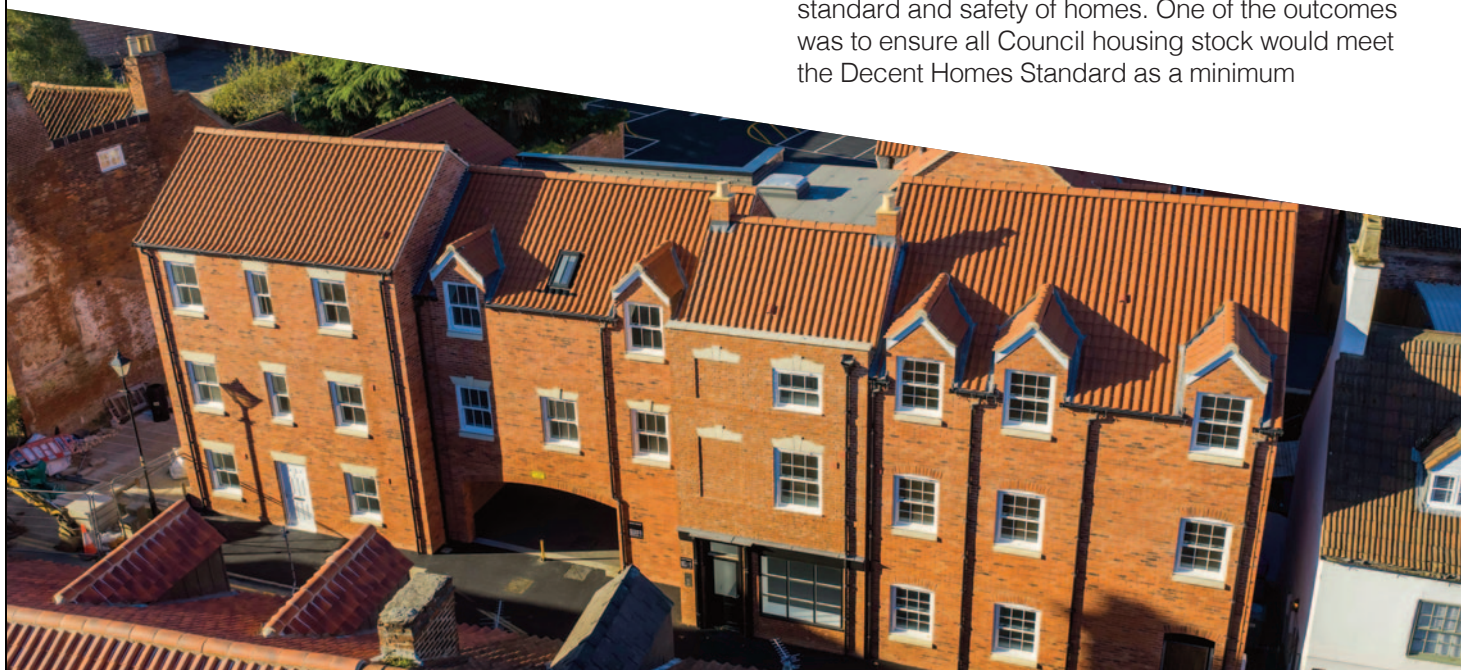
- **Street Trading Policy:** To measure support for potential changes to parameters of Street Trading Licensing Policy

76% said that they thought the policy should continue to include mobile traders.

68% of respondents would support the introduction of a one-off event consent with one fee being charged to cover all street traders/stall holders selling goods

- **Housing Strategy:** To inform the content and direction of the Council's Housing Strategy

76% agreed with the vision outlined in the strategy with 89% agreeing with the intended outcomes for the priority to continually improve the quality, standard and safety of homes. One of the outcomes was to ensure all Council housing stock would meet the Decent Homes Standard as a minimum



New development of 20 flats, Swinegate, Grantham

- **Housing Asset Management Strategy:** To obtain feedback on the Council's Asset Management Strategy
All respondents supported the priorities identified in the strategy and a third thought the commitments, progress, and actions for each of the priorities had been set out clearly
- **Housing Tenancy Strategy:** To establish what tenants think of the structure and content of the Council's Tenancy Strategy prior to its implementation
85% thought that the information provided about each of the different types of tenancy in the Strategy was clear and easy to understand
- **Housing Tenancy Agreement:** To ascertain what tenants think of proposed changes to the Council's Tenancy Agreement
78% thought the insertion of an extra clause which focused on the tenants' responsibility to keep their home and any communal areas free from fleas, vermin, and other pests was clearly stated

The Council also undertook several discretionary consultations which included:

- **Encouraging biodiversity in South Kesteven:** To measure the extent of support for biodiversity initiatives across South Kesteven, including existing rewilding sites
79% thought it was important to support rewilding and would encourage the Council to do what it can to increase the number of locations set aside for nature

- **Wyndham Park skate park proposal:** To ascertain extent of support for the proposal to install/reinstate a skatepark on foundations that are already in situ
79% supported the proposal to install a skate park in Wyndham Park
- **Age Friendly Communities – Community groups and organisations:** To inform a baseline assessment/undertake mapping of the current position in each of the eight domains identified by the World Health Organisation
51% thought the transport options in South Kesteven varied across the district – some areas good but others in need of considerable improvement. 5% thought they were excellent and required little change. 23% thought they were generally good and some minor changes would make them excellent. 21% thought they were disappointing with extensive changes required
- **Soldiers from the Sky:** To evaluate the success of the Soldiers from the Sky initiative by asking those involved in its creation and delivery
When asked what they had learned from being part of the project, personal development, an increase in knowledge, and how having clear project aims can help to create a significant historical resource were all mentioned
- **Mobility Vehicle Policy:** To collect feedback on proposals from tenants and leaseholders who might be affected by the introduction of the policy
73% supported a proposal to introduce a requirement for tenants to register their scooter with the Council. 70% agreed with the proposal that mobility scooters should only be charged during the day – between the hours of 8am and 8pm



New skate park, Wyndham Park, Grantham

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 2025-2028 which focuses on six strategic priority areas:

- Workforce Planning – ensuring a resilient, agile workforce with the right skills and capacity to meet future service demands
- Learning and Development – equipping colleagues and leaders with the skills, confidence and adaptability needed to deliver priorities and lead through change
- Employee Experience – creating a positive, inclusive environment where people feel valued, supported and empowered
- Equality, Diversity, Inclusion and Belonging – fostering a workplace where diversity is celebrated, equity is embedded and all colleagues feel a genuine sense of belonging
- Wellbeing – embedding a holistic and preventative approach to physical and mental wellbeing across the organisation
- Reward and Recognition – ensuring fair, transparent and meaningful recognition of contribution and performance

The Council recognises that a capable, engaged and resilient workforce is critical to achieving its strategic objectives and delivering high quality services for residents, particularly in the context of ongoing sector pressures and forthcoming local government reorganisation.

Implementation of the People Strategy is supported by clear performance indicators, ongoing staff engagement and regular reporting to the Employment Committee, ensuring progress is monitored and the approach remains responsive to emerging workforce and organisational needs.

The Council also places strong emphasis on governance and clarity of decision making. A robust Scheme of Delegation is in place, setting out how decisions are taken at both Member and officer level. The Council has effective arrangements for the discharge of the statutory roles of Head of Paid Service, Section 151 Officer and Monitoring Officer, and continues to operate in line with the 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 regularly by the Corporate Management Team and reported to the Governance and Audit Committee three times a year.

During 2025/26 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.

As part of the Council's project methodology the Corporate Management Team receives a regular projects report outlining progress and any issues.

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.

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 2025/26

1. Successful/serious cyber security attack on the Council
2. Health, Safety, Wellbeing, and Safeguarding failures by the Council
3. Unable to maintain financial sustainability (general fund)
4. Unable to maintain and build sufficient staffing capacity and capability
5. Unable to meet requirements of new regulations and legislation affecting the Council
6. Societal, demographic and cultural changes impacting on communities within the district
7. Major Governance failure
8. Significant fraud/theft successfully committed against the Council
9. Increasing pressure on the Housing Revenue Account (HRA) viability due to the challenges of providing and maintaining quality social housing provision within the district.
10. The implications and general uncertainty of Local Government Reorganisation on the Council
11. Not leveraging the opportunities of Devolution



SKDC Stand at the Skills Summit Fair 2025

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 aims to ensure that clear channels of communication are in place with all sections of the local 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 has regard to issues important to local people.

The Council has a comprehensive consultation process for published reports which ensures senior management, and relevant Councillors, own the contents. The Council is committed to publishing information on its performance in a timely manner and reports performance against strategic, operational 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. The Committee has the opportunity to suggest items for the annual internal audit plan and monitors completion of the plan, including the implementation of management actions arising from the audits.

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



SKDC's new Operations Depot commenced operation in December 2025

Governance Framework for 2025/26

The Governance Framework shown below has been in place throughout the financial year which ended on 31 March 2026 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
- Chief Executive and Chief Finance Officer quarterly meetings with External Audit
- 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 and compliments 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.

Eleven assurance and two follow up reviews were undertaken during 2025/26, with the eleven assurance reviews resulting in the following assurance levels:

Audit	Design Opinion	Effectiveness Opinion
Accounts Payable	Moderate	Substantial
Building Control	Substantial	Moderate
Climate Plan	Substantial	Moderate
IT Strategy	Substantial	Moderate
Main Financial Systems	Moderate	Substantial
Market Services	Substantial	Moderate
Payroll	Moderate	Substantial
Performance Management	Substantial	Moderate
Stock Control (new Operations Depot)	Limited	Limited
Treasury Management	Moderate	Substantial
Voids Management	Moderate	Moderate

For the twelve months ended 31 March 2026, based on the work undertaken, the BDO LLP Head of Internal Audit opinion was:



Generally satisfactory with improvements in some areas.

Overall, the controls in the areas we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements and value for money. However, there are some areas where weaknesses and/or non-compliance were identified and, therefore, may put the achievement of objectives at risk. No audits received no assurance ratings although we would draw attention to the Stock Management review which was the only limited assurance audit this year. This was a known area of concern and action has been taken to improve controls in this area.

In other areas, we provided Substantial assurance over the design and/or effectiveness of controls. This demonstrates strength in key processes and compliance with these controls.

We have continued to experience strong levels of engagement from management and more broadly across the Council with internal audit, with the Council demonstrating a positive culture for improvement in controls. This was noted throughout the year on individual assignments and more generally, particularly during the audit planning phase where we engaged with Senior Leadership Team Members and Assistant Directors to prepare our risk-based internal audit plan.

External audit

The Council's external auditors, KPMG LLP, are required to consider whether the Annual Governance Statement 2025/26 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 2025/26 and have concluded the following in respect of Value for Money:

Conclusion text to follow

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 87% of the statements on assurance with the remainder being 10% 'Partially Agreed'; 1% 'Not Agreed' and 2% 'Don't Know'.

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

The responses were reported to Statutory Officers Group for review. Actions arising from the completion of the Assurance Statement have been captured and will be monitored during 2026/27.

Governance and Audit Committee

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

During 2025/26, Governance and Audit Committee agreed the extension of the term of the Co-opted Independent Member to further strengthen the governance and maturity of the Committee.

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:

- Health & Safety and Business Continuity
- Safeguarding

Assurance Statement 2025/26

Officers of the Senior Team produced an Annual Assurance Statement for 2025/26 which assessed the effectiveness of the key control environment within their areas of responsibility.

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 2025/26	Action taken
Recruitment of a new Director of Law & Governance	Director of Law & Governance commenced employment on 26 January 2026
Appointment of an interim Data Protection Officer	Interim Data Protection Officer was appointed until the new Director of Law & Governance arrived in position and assumed the role. Arrangement currently continuing
Onboarding of new Director of Law & Governance, Data Protection Officer, and Deputy Monitoring Officer	Onboarding achieved
Ensure Freedom of Information and Subject Access Request processes are reviewed and established	New reporting processes established. Report to Statutory Officers Group. Monitoring ongoing.
Review Local Government Reorganisation governance challenges	The Council submitted a proposal for LGR to MHCLG in March 2025. A formal response to the MHCLG Consultation was provided in November 2025. '7 Work Streams' are ongoing as part of the 'no regrets' work phase.
Review of the Constitution to ensure Member Code of Conduct is up to date and relevant	The new Monitoring Officer will be conducting a substantial review with input from Standards Committee, Governance and Audit Committee, Cabinet, and Officers in the first half of the 2026/2027 period
Review of the Officer Code of Conduct	Undertaken by the Head of HR and will be reported to Employment Committee in 2026
New governance structure to be developed for LeisureSK Ltd based on the agency principles	Stakeholder Group established and meeting on a quarterly basis
Ensure compliance with the delivery of the 2025/26 UKSPF requirements	The scheme has been extended to September 2026. Currently the Council's allocation has been fully committed and is being closely monitored. The overall programme is being managed by the Deputy S151 Officer and Assistant Director of Development & Growth

Governance issues

Key area of focus for 2026/27	Action owner	Deadline
Substantial review of the Constitution, including provisions relating to change in planning laws	Monitoring Officer	September 2026
Review of the Councillor Code of Conduct and surrounding processes and procedures	Monitoring Officer	October 2026
Review of the Council's procedures relating to Freedom of Information and Subject Access Requests	Data Protection Officer	March 2027
Local Government Reorganisation delivery team to be established. Decision on LGR structure expected in July 2026	Statutory Officers	March 2027
Lincolnshire Chief Executives and Leaders to develop a constituted structure for a new Joint Committee for LGR	Chief Executive	March 2027
Undertaking governance work associated with LGR, including changes to SKDC's governance practices and contributing to the governance arrangements of any successor authority	Monitoring Officer	March 2027
Preparation for elections to take place in May 2027 (District or new Shadow Authority)	Chief Executive and Returning Officer	March 2027
Implement new structure for the Council's legal team including recruitment of a new Democratic Services Manager	Director of Law & Governance	March 2027
Housing Regulator judgment expected by July 2026. Improvement Plan to be developed based on findings	Director of Housing & Projects	March 2027
Housing Revenue Account financials sustainability review and 30 year business plan	Deputy Chief Executive & Section 151 Officer	September 2026

Contact Details

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

**South Kesteven District Council
01476 40 60 80**

 www.southkesteven.gov.uk



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**SOUTH
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Governance and Audit Committee

Thursday, 25 June 2026

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

Reporting Fraud and Whistleblowing Annual Report 2025/26

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

Governance and Audit Committee is asked to review 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: *Richard Wyles, Deputy Chief Executive and 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: *Fran Beckitt (Head of Human Resources)*

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 2025/26.

3. Whistleblowing

- 3.1 Whistleblowing is the term used when a worker passes on information concerning wrongdoing ie “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 ie 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. The Council’s Whistleblowing Policy has been reviewed, and is a separate agenda item, at this Committee.
- 3.5 Within the definition of whistleblowing, no issues have been raised during 2025/26.

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
- Council Tax or Business Rates – should be reported via [Report Fraud Online](#) or by mailing 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
- Cybercrime – should be reported to [Action Fraud](#)

4.3 This report provides a summary of all other disclosures that were received during 2025/26 and the Council’s response to those disclosures. These are considered monthly by the Council’s Statutory Officers Group.

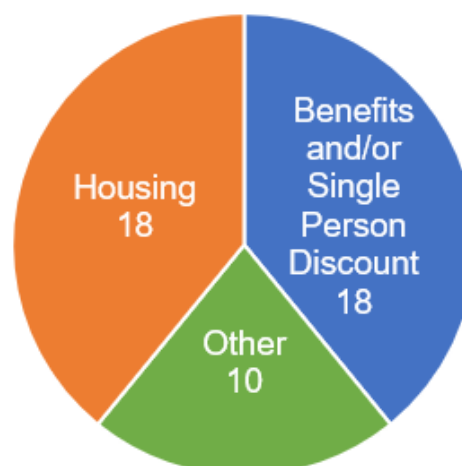
5. Summary of Fraud Disclosures

5.1 During 2025/26, the Council received **46** external notifications that required investigation. This is an increase of **22** on previous years where there were 24 in 2024/25, 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 (increase of 7) and Housing tenancy related issues (increase of 11) and Other (increase of 4).

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 2025/26 is provided below with further details in Appendix A.



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

- Three planning allegations (all unfounded)
- Two anti-social behaviour allegations (both unfounded)
- Business rates (ongoing)
- Illegal HMO (unfounded)
- Register to Vote error (founded – error corrected)
- Vehicles with no MOT/tax (founded – vehicles removed)
- Bins being missed regularly and overtime claims (unfounded – full investigation undertaken)

5.6 Summary of outcomes below:

Outcome	Number
Unfounded	16
Founded	4
Ongoing	5
Duplicates or insufficient info provided to be able to investigate	5
SPD followed up and actioned through ongoing SPD review	16
Total	46

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 as referenced in 5.3. 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 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 2025/26

Appendix A – Reporting Fraud Disclosures 2025/26

Category	Ref	Brief details of allegation	Outcome
Benefits	252	False benefit claims	Ongoing
Benefits	266	False benefit claims	Ongoing
Other	229	Planning	Unfounded
Other	230	Illegal HMO	Unfounded
Other	234	Planning	Unfounded
Other	235	Planning	Unfounded
Other	238	Vehicles with no MOT/tax	Founded – vehicles removed
Other	241	ASB XL bully and drugs	Unfounded
Other	242	Bins missed regularly/overtime claims	Unfounded – full investigation
Other	244	ASB neighbours	Unfounded
Other	248	Register to Vote error	Founded – error corrected
Other	272	Business rates	Ongoing
SPD	231	False SPD claim	All followed up as part of the ongoing review of SPD and outcomes will be reported as part of that exercise
SPD	232	False SPD claim	
SPD	233	False SPD claim	
SPD	243	False SPD claim	
SPD	245	False SPD claim	
SPD	246	False SPD claim	
SPD	247	False SPD claim	
SPD	249	False SPD claim	
SPD	250	False SPD claim	
SPD	258	False SPD claim	
SPD	262	False SPD claim	
SPD	264	False SPD claim	
SPD	265	False SPD claim	
SPD	267	False SPD claim	
SPD	268	False SPD claim	
SPD	274	False SPD claim	

Category	Ref	Brief details of allegation	Outcome
Tenancy	236	Dishonest housing application	Unfounded
Tenancy	237	Subletting	Founded – property recovered
Tenancy	239	Subletting	Unfounded
Tenancy	240	Homelessness application	Unfounded
Tenancy	251	Tenant not living at property	Insufficient info
Tenancy	253	Subletting	Unfounded
Tenancy	254	Tenancy fraud	Insufficient info
Tenancy	255	Social housing fraud	Not SKDC
Tenancy	256	Tenancy fraud	Ongoing
Tenancy	257	Tenancy fraud	Unfounded
Tenancy	259	Dishonest housing application	Founded – application suspended
Tenancy	260	Linked to #237	Linked to #237
Tenancy	261	Duplicate of #259	Duplicate of #259
Tenancy	263	Dishonest housing application	Unfounded
Tenancy	269	Allocation of bungalow	Unfounded
Tenancy	270	Abandonment of property	Unfounded
Tenancy	271	Dishonest housing application	Unfounded
Tenancy	273	Abandonment of property	Ongoing



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Governance and Audit Committee

Thursday, 25 June 2026

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

Whistleblowing Policy 2026-28

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 whistleblowing arrangements in place and action taken as a result of whistleblowing disclosures.

Recommendations

The Committee is asked to review the contents of the report and approve the revised Whistleblowing Policy 2026-28.

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 and Procurement

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

Completed by: David Scott – Assistant Director of Finance and Deputy S151 Officer

Legal and Governance

1.2 The Governance and Audit Committee have the necessary authority at Part 2 of the Constitution (Articles), paragraph 9.1 (xx) to approve the revised Whistleblowing Policy. Relevant legislation is highlighted within this report.

Completed by: James Welbourn, Democratic Services Manager

Human Resources

1.3 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: Fran Beckitt (Head of HR)

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, whistleblowing is one of the key areas of focus being an essential element of delivering good governance.

2.2 Whistleblowing is the term used when a worker or insider passes on information concerning wrongdoing ie "making a disclosure" or "blowing the whistle". The wrongdoing will typically, although not necessarily, be something they have witnessed at work.

2.3 **What qualifies as whistleblowing**

To be covered by whistleblowing law, a worker who makes a disclosure must:

- reasonably believe that their disclosure is about a certain type of wrongdoing
- reasonably believe that reporting the wrongdoing is in the public interest ie this means that personal grievances and complaints are not usually covered by whistleblowing law; and
- make the report through the appropriate channels

2.4 Disclosures of wrongdoing that count as whistleblowing

A worker must reasonably believe that one or more of the types of wrongdoing has taken place, is taking place, or likely to take place:

- a criminal offence eg an employer committing fraud
- a breach of a legal obligation eg an employer does not have the right insurance
- a miscarriage of justice eg a worker has identified evidence that was not provided to a court that they reasonably believe would have changed the outcome of a case
- someone's health and safety is in danger eg an employer not providing adequate personal protective equipment for hazardous tasks
- damage to the environment eg new business activities are likely to pollute local rivers
- sexual harassment eg a worker sexually harasses other workers
- covering up wrongdoing in the above categories

2.5 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. For matters relating to fraud and corruption, and all other concerns which fall under one of the categories above, these are considered by Statutory Officers Group.

3. Whistleblowing Policy

3.1 To develop and promote greater awareness, and in line with best practice, a review of the Council's whistleblowing arrangements has been undertaken. The Whistleblowing Policy was last approved on 19 June 2024.

3.2 The Whistleblowing Policy has been updated to include the amendments to Employment Law in the Employment Rights Act 2025, which took effect on 6 April 2026, and updates the explicit classification of sexual harassment as a protected, "qualifying disclosure" under the whistleblowing legislation.

3.3 The Whistleblowing Policy covers the following:

- Introduction
- Scope
- Protection and confidentiality
- What you should report
- Anonymous or untrue allegations
- How to raise a concern
- How we will respond
- Taking the matter further
- Monitoring
- Whistleblowing process flowchart

3.4 The whistleblowing process flowchart summarises the steps to be taken on the receipt of a whistleblowing disclosure:

- Disclosure is recorded on the Whistleblowing Log
- Whistleblower, if known, is acknowledged in accordance with the policy
- Disclosure is initially assessed by the Governance and Risk Officer
- If major, the disclosure is reported immediately to Statutory Officers
- Investigating officer appointed depending on the nature of the disclosure
- Outcome report provided to Statutory Officers Group

3.5 The Committee monitors and reviews the whistleblowing arrangements in place, and the activities that are being undertaken to mitigate those risks, by receiving an annual report on whistleblowing and reviewing the Whistleblowing Policy every two years.

4. Other Options Considered

4.1 None.

5. Reasons for the Recommendations

5.1 Governance and Audit Committee, as part of its terms of reference approves Whistleblowing Policy and monitors and reviews the arrangements currently in place and the activities that are being undertaken to mitigate those risks.

6. Appendices

6.1 Appendix A – Whistleblowing Policy 2026-28

Whistleblowing Policy

2026-28



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Introduction

At South Kesteven District Council we want to ensure we are providing excellent services to the residents of our District. Our Officers, Members, partners and contractors have an important role to play in achieving this goal and we expect everyone to be committed to our high standards of service which are based on the principles of honesty, openness and accountability.

We know we face the risk that something may go wrong or that someone may ignore our policies, procedures or the law which can result in some serious consequences. Experience shows that Officers, or others who work on behalf of an organisation, often have worries or suspicions and could, by reporting their concerns at an early stage, help put things right or identify and stop potential wrongdoing.

A whistleblower is a term used for a person who works for an organisation and raises an honest and reasonable concern about a possible fraud, crime, danger or other serious risk that could threaten colleagues, service users, customers, members of the public or the success and reputation of the organisation. We want you to feel that it is safe and acceptable to tell us about your concerns so that we can investigate and take action as soon as possible. We recognise that you may be worried about reporting for a number of reasons:

- fear of reprisal or victimisation (eg loss of job)
- too much to lose (reputation, damage to career etc)
- feelings of disloyalty
- worries about who may be involved
- you have no proof only suspicions
- fear of repercussions if there is no evidence or you are proved wrong

We welcome all genuine concerns and will treat your issues seriously. This policy explains how to raise a concern, the types of activity you should report, the protection we can provide, confidentiality, our response and how you can take matters further, if necessary.

We want to assure you that there is no reason to remain silent – your decision to talk to us may be difficult but, if you believe what you are saying is true, you have nothing to fear as you are following the Council’s Code of Conduct that applies to you and helping to protect the users of our services and the residents of our District.

We will not tolerate any harassment or victimisation and we will take action to protect those who raise concerns that you believe to be in the public interest.

The Council is committed to ensuring that all employees feel safe and supported to raise concerns. Any employee who makes a disclosure in good faith, including concerns relating to sexual harassment, will be protected from victimisation, detriment or disciplinary action as a result of raising that concern. Reports of sexual harassment may be raised either under the Council’s Zero Tolerance Policy or through this Whistleblowing Policy where the matter meets the criteria for a protected disclosure. The Council will treat all such concerns seriously, investigate them promptly and take appropriate action. Employees will not suffer any detrimental treatment for raising a genuine concern, even if it is not ultimately upheld. Any act of retaliation against an individual who has raised a concern will be treated as disciplinary matter.

This policy does not replace our existing employment policies: Grievance, Zero Tolerance, and Disciplinary. You should use these policies if you have a personal grievance or are unhappy with the way you are being treated. Our whistleblowing arrangements are

not intended to give you a further opportunity to pursue a grievance or complaint once you have exhausted the relevant employment procedures.

If you are a member of the public with concerns or information which you think we should know about or look into, you should follow the [Customer Feedback Process](#).

Scope

You can use our whistleblowing arrangements if you are a Member, Council employee, a contractor, partner or member of the public.

Our policy also applies to agency staff, contractors and suppliers providing goods or services to, or on behalf of, the Council.

Our whistleblowing arrangements do not replace the following:

- Customer Feedback Process
- Disciplinary Policy
- Grievance Policy
- Child Protection Safeguarding reporting
- Adult Care Safeguarding reporting

You should only consider raising concerns through our whistleblowing arrangements if:

- you have genuine reasons why you cannot use the above policies and procedures
- you have reason to believe that these policies are failing or are not being properly applied
- there is a public interest aspect

Protection and confidentiality

Whistleblowing law is contained in the Public Interest Disclosure Act 1998 (PIDA – amended by the Enterprise and Regulatory Reform Act 2013). Public bodies, such as this Council, are

required to have a whistleblowing policy and to ensure that employees are not victimised or dismissed for raising their concerns internally. This also applies to those who, as a last resort, feel they need to take their concerns to an outside body, such as the Local Government Ombudsman.

Members of the public who raise concerns are not legally protected by PIDA, so we do offer the option for the person making the allegations to withhold their identity at the time concerns are raised.

You may feel that the only way you can raise your concerns is if we protect your identity. If the whistleblower does choose to disclose their identity, we will respect confidentiality as far as possible, but there are times when we cannot guarantee this, for example, where a criminal offence is involved or if there are child protection or adult safeguarding issues.

We will attempt to ensure the whistleblower's identity is not disclosed to third parties and information will not be disclosed unless the law allows or compels us to do so, for example in order to comply with a court order. If the information you provide includes personal information about another person, then that person may be entitled to access it under subject access provisions of the Data Protection Act or General Data Protection Regulations (GDPR). If releasing that information could reveal identifying information about the whistleblower, we will always ask for your consent prior to releasing the information.

We will not tolerate any harassment or victimisation (including informal pressure) and we will take action to protect you when you raise a concern believed to be in the public interest. We will take any disciplinary or corrective action should anyone attempt to victimise the whistleblower or prevent concerns being raised. If we proceed to a formal investigation, we may require you to

give evidence along with other employees and witnesses. We are, in some circumstances, able to do this without disclosing the identity of the whistleblower. A statement from you may also be required as part of criminal proceedings or Employment Tribunal – this depends on the nature of the concern.

If your whistleblowing disclosure results in an internal investigation, and you provide a witness statement under that process, your statement may be used for disciplinary purposes. This means your statement may be given to the subject as part of a disciplinary hearing. An employee subject to the disciplinary process can ask to see personal information held about them at any time under the subject access provisions of the Data Protection Act – this may include information within your statement. If it is possible to provide access to personal information within your statement without revealing any information about you, we will do so. If this is not possible, we will always seek your consent before releasing any information.

If your statement is not required for disciplinary purposes it will be held confidentially on our case file (until the case file is destroyed after seven years) and released only with your consent or a Police/Court Order.

The Council does not expect you to give us your consent – this is your decision alone – but we are required by law to ask you. The Council does not need a reason should you choose to refuse the request.

If you find yourself the subject of a whistleblowing disclosure, and a decision is made to investigate, the Council will follow the appropriate employment procedure: Grievance, Zero Tolerance, and Disciplinary. This means you will have all the rights contained in that procedure, such as the opportunity to respond to the allegation and representation

What you should report

We encourage you to use our whistleblowing arrangements for issues such as:

- conduct which is a criminal offence or breach of law
- a breach of our Code of Conduct for Officers or Members
- sexual, physical or verbal abuse of our clients, employees or public
- dangerous procedures risking the health and safety of our clients, employees or public
- unauthorised use of public funds
- suspected fraud or corruption
- damage to the environment (eg land, buildings, water, air, waste, energy, transport, natural habitat etc)
- unethical or improper conduct
- services that fall seriously below approved standards or practice
- failure to follow the Council's policies and procedures

Anonymous or untrue allegations

We do not encourage anonymous reporting as the concerns are more difficult to investigate and are generally less powerful. We would like you to put your name to the allegations whenever possible and remind you of the protection we can provide if we know who you are.

Anonymous whistleblowing referrals will be considered at the discretion of the Officers handling your concern, in consultation with the service area, where appropriate. This discretion will be based on the:

- seriousness of the issues raised
- credibility of the concern
- likelihood of confirming the allegation from an attributable source
- evidence base

It may be that our investigations do not confirm your allegation. We take all concerns seriously and can assure you that no action will be taken against you if you have raised a concern in the genuine belief that it is, or may be, true.

If we find that you have maliciously made a false allegation we will take action and you will not be eligible for protection under PIDA.

How to raise a concern

We encourage you initially to raise your concern internally - this allows the Council the opportunity to right the wrong and explain the behaviour or activity. We also advise Officers to report any allegation to their line manager. We recognise that your first actions will depend on the seriousness and sensitivity of the issues and who you believe to be involved. We advise that you make it clear that you are raising your concerns under the Council's whistleblowing arrangements - this will help managers respond in line with this policy (see Whistleblowing Process Flowchart).

If you are in any doubt about what you should do, you can contact:

Karen Bradford – Chief Executive
karen.bradford@southkesteven.gov.uk

Graham Kitchen – Director of Law & Governance and Monitoring Officer
graham.kitchen@southkesteven.gov.uk

Richard Wyles - Deputy Chief Executive and Section 151 Officer
richard.wyles@southkesteven.gov.uk

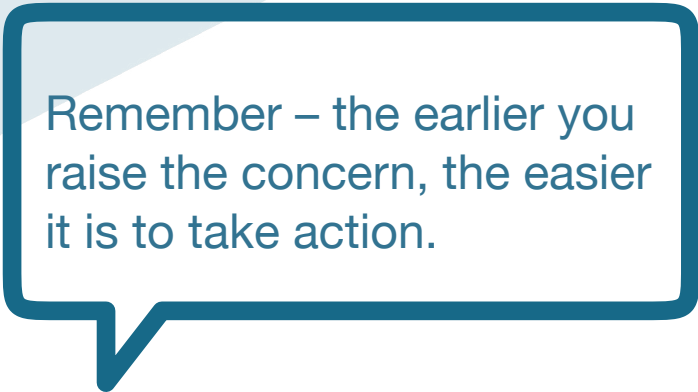
You may wish to raise the matter in person, and you can do this by contacting one of the Statutory Officers named above or you can use [Report Fraud Online](#) or email reportfraud@southkesteven.gov.uk.

Concerns are better submitted in writing – we need the background and history of your concern, giving names, copies of any documents, dates and places (where possible).

We would like you to explain why you are concerned about the situation – we do not expect you to prove the truth of an allegation, but you will need to show that there are sufficient grounds for your concern.

Officers have the option to seek independent advice from their trade union representative or professional association or can invite a work colleague to raise a concern on their behalf.

Further advice may be sought from [Protect](#) (formerly known as Public Concern at Work) the whistleblowing charity.



Remember – the earlier you raise the concern, the easier it is to take action.



How we will respond

Our response will depend on the nature of the concern raised and may be:

- advice only
- resolved by agreed action without the need for investigation
- investigated internally (by management or other independent investigators)
- referred to the police if a criminal matter
- referred to the external auditor
- the subject of an independent inquiry
- referred to the relevant safeguarding team (child protection or vulnerable adults)

The officer receiving the whistleblowing allegation (if a major issue) will immediately notify the Section 151 Officer for discussion with the Statutory Officers Group.

We may carry out initial enquiries in order to protect individuals or employees and those accused of wrongdoing. We will use the results of these enquiries to decide whether an investigation is needed and if so, what form it should take. If urgent action is required this will be taken before we start any investigation.

Concerns of fraud, bribery or corruption will be followed up by the Council's Accredited Counter Fraud Specialist. If there are other serious concerns of a potentially criminal nature, the complaint will be referred to the Council's Statutory Officers Group who will determine whether the concern should be referred to the police directly by the Council.

If the Statutory Officers Group decides that the matter should be referred to the police by the Council, advice will be sought from the police to establish if a simultaneous internal investigation can be conducted, and whether or not they consent for the subject of the complaint to be informed of allegations.

The Council's Code of Conduct requires employees to notify their line manager immediately of any criminal investigation. Failure to do so could result in disciplinary action being taken.

We will acknowledge your whistleblowing disclosure within five working days. Within the next 10 working days we will write and explain how we propose to deal with the matter. The whistleblower will be:

- given an estimate of how long it will take to provide a final response

- told if initial enquiries have been made
- told if further investigation is required, and if not, why not (where appropriate)
- given details of support mechanisms
- advised of the investigating officer (where appropriate)
- advised how we will inform you of progress

The amount of contact between you and the investigating officer considering your whistleblowing disclosure will depend on the nature of the concerns raised. For example, if further investigation is required, the investigator may need to seek additional information from you.

If a meeting is necessary, this can be held off site if preferred. If you are an employee you will have a right to be accompanied – this can be a union representative or work colleague (not involved in the area where the concern exists). If you are not an employee you may wish to bring a friend with you – a neutral venue can be arranged, where required.

We will help with any difficulties you may experience as a result of raising a concern – we will, for example, provide advice if you are required to give evidence for criminal or disciplinary proceedings. Sometimes whistleblowers have counter-allegations made against them. The Council has a duty to investigate any concerns that it receives and that will apply in these circumstances. However this will not detract from the principles, as set out in this policy, which govern how the Council will respond to whistleblowers. The overriding objective will be to establish the truth.

Records will be retained of all work carried out and actions taken to address the concerns raised by the whistleblower, including the investigator's case file, where relevant. All files will be held securely and confidentially, in accordance with the Council's retention of records policy.

At the end of our investigations we will provide feedback to the whistleblower (if known) on actions taken and limited detail on the outcome of investigations. Feedback will be subject to legal constraints, but we do recognise the importance of providing you with assurances.

Taking the matter further

If you have genuine concerns about how we have handled your whistleblowing disclosure you can raise this with the investigating officer and/or the Monitoring Officer. We hope that you will be able to reach a suitable conclusion to the matter but if you remain dissatisfied you can contact the Council's external auditors:



KPMG LLP (UK), 1 Sovereign Street,
Leeds, LS1 4DA

You may also refer your concern to the [Local Government Ombudsman](#) – they generally do not take any action until the matter has been dealt with internally first.

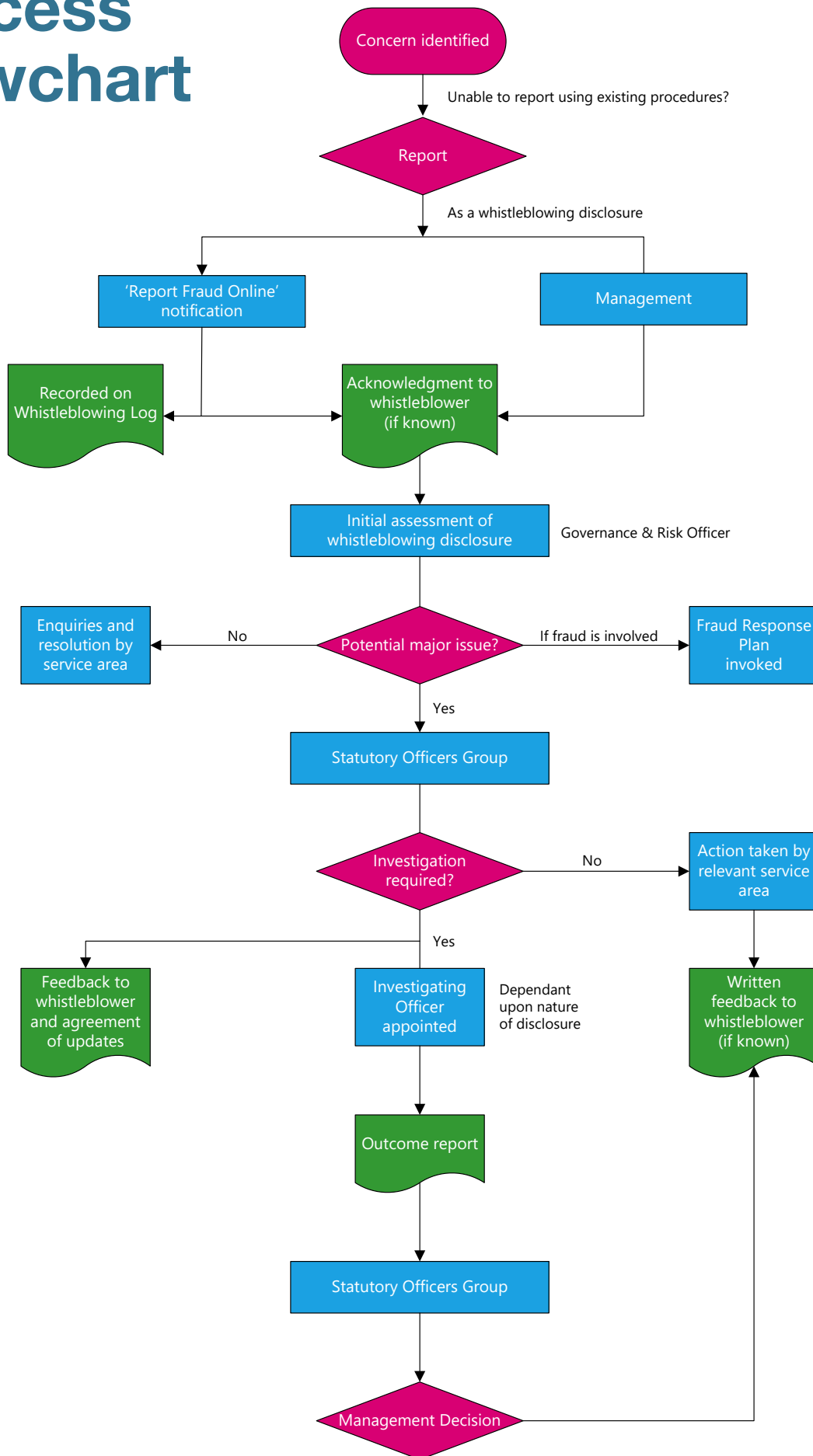
We would remind you that employees are not to report any Council related issues to the media – to do so may be considered a breach of the Council's Disciplinary Policy and Code of Conduct.

Monitoring

The Deputy Chief Executive and Section 151 Officer will provide an annual report to the Council's Governance and Audit Committee which has responsibilities for overseeing the effectiveness of the Council's governance arrangements. All reporting will be anonymised and will only identify common themes, numbers of disclosures year on year and will highlight actions taken to improve systems and policies.

The Council's Statutory Officers Group will monitor the effectiveness of this policy and take the necessary action.

Whistleblowing Process Flowchart



Contact Details

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

South Kesteven District Council

01476 40 60 80

www.southkesteven.gov.uk



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**SOUTH
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Governance & Audit Committee

Tuesday, 25th June 2026

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

Corporate Plan 2024-2027: Key Performance Indicators Report - End-Year (Q4) 2025/26

Report Author

Charles James, Policy Officer

✉ Charles.James@southkesteven.gov.uk

Purpose of Report

To present the Council's performance against the Corporate Plan 2024-2027 Key Performance Indicators (KPIs) within the remit of this Committee for Quarter Four 2025/26.

Recommendations

That the Committee:

- 1. Notes and scrutinises the performance against the Corporate Plan Key Performance Indicators in relation to the delivery of the Corporate Plan 2024-2027.**

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 and Procurement

1.1 There are no significant financial implications arising from this report, which is for noting.

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

Legal and Governance

1.2 Regular monitoring of service area performance is to be welcomed and represents good governance. This report is for noting and there are no significant governance implications arising from the report.

Completed by: James Welbourn, Democratic Services Manager

2. Background to the Report

2.1 The Corporate Plan 2024-2027 was adopted by Council on 25 January 2024. It was proposed actions, key performance indicators (KPIs) and targets would be developed by the relevant Member led Committees, who would retain oversight of the performance management arrangements at a strategic level.

2.2 The actions within the remit of this Committee with accompanying measures were presented to and agreed by the Committee on 19 June 2024.

3. Key Considerations

- 3.1 This report is the fourth of the new reporting cycle and covers the period January to March 2026 (Quarter 4 2025/26).
- 3.2 Appendix A presents the overall performance against the three actions being presented in this session. Commentary by the responsible officer is provided for each action. Performance is summarised using a RAG system described below.
- 3.3 Zero actions are rated Green. These are actions which are on, or above target as planned.
- 3.4 Three actions are rated Amber, these are those off target by less than 10% or where milestone achievement is delayed but with resolution in place to be achieved within a reasonable timeframe.
- 3.5 Zero actions are rated as Red. These are actions that are significantly below target.
- 3.6 Zero actions are rated as N/A. These are actions for which work has not yet meaningfully commenced e.g. being sequenced on the completion of other items, or where data is unavailable.
- 3.7 The KPIs have been developed in close consultation with the relevant Officers for each service. It is expected that the KPI suite will experience a degree of evolution over the next four years. This improvement will be prompted by the needs of decision makers and the Committees, and further consideration of how to best meet those needs by Officers.

4. Other Options Considered

- 4.1 As Council has agreed the Committees will lead monitoring performance, there are no viable alternatives. An absence of performance arrangements would mean the delivery of the Corporate Plan is unmonitored and prevent continuous improvement. A purely internal KPI suite would prevent effective and transparent scrutiny and accountability.

5. Reasons for the Recommendations

- 5.1 This is a regular report where Members are invited to scrutinise and comment on performance.

6. Appendices

- 6.1 Appendix A – Corporate Plan 2024-2027 KPI Report: Governance & Audit Committee End-Year (Q4) 2025/26

Corporate Plan 2024-2027: KPI Summary Report 2025/2026 – Governance & Audit Committee							
Index	Priority	Action	Owner	Quarterly Overall Status			
				2025/26			
				Q1	Q2	Q3	Q4
COUN4	Effective Council	Produce and deliver a Councillor Development Strategy and accompanying programme to achieve accredited Councillor Development Charter status.	Director of Law & Governance	Below Target	Below Target	Below Target	Below Target
COUN11	Effective Council	Deliver the Internal Audit Plan and drive continuous organisational improvement.	Governance & Risk Officer	On Target	On Target	On Target	Below Target
COUN15	Effective Council	Complaints, Freedom of Information (FOI) and Subject Access Request (SAR) reporting.	Data & Information Governance Officer	Below Target	Below Target	Below Target	Below Target

Corporate Plan 2024-2027: KPI Summary Report Q4 2025/2026 – Governance & Audit Committee							
Index	Priority	Action	Owner	Target/s	Q4 Value	Q4 Status	Manager Commentary
COUN4	Effective Council	Produce and deliver a Councillor Development Strategy and accompanying programme to achieve accredited Councillor Development Charter status.	Director of Law & Governance	Achievement of Councillor Development Charter Status	See Commentary	Under Review	The programme has been on hold since April 2025. The new Monitoring Officer was appointed in January 2026. The Development Charter project is being reviewed by the new Monitoring Officer and Cabinet member.
				100% of Councillors to complete mandatory training	94% (excluding the members for Aveland, and Belmont wards elected in December 2025).	Below Target	<p>There are four mandatory training topics: Code of Conduct, Equalities, Diversity & Inclusion (EDI), PREVENT, and Safeguarding for members to undertake during the civic year. Newly elected members have six months to complete the mandatory training from the time of their election. Therefore the two members for the Aveland and Belmont wards elected in by-elections in December 2025 have a deadline of 11 June 2026 to complete the mandatory training. Excluding those two members, as of the end of Q4 2025/26, 94% of members have completed all four mandatory topics. By mandatory training topic:</p> <ul style="list-style-type: none"> - Code of Conduct: 98.14% (53 of 54). - EDI: 92.59% (50 of 54) - PREVENT: 92.59% (50 of 54) - Safeguarding: 94.44% (51 of 54). <p>Of the two members elected in December 2025:</p> <ul style="list-style-type: none"> - Code of Conduct: 1 of 2 - EDI: 0 of 2 - PREVENT: 0 of 2 - Safeguarding: 2 of 2
COUN11	Effective Council	Deliver the Internal Audit Plan and drive continuous organisational improvement.	Governance & Risk Officer	Progress on the internal plan - 100% completion of the audit plan by 31st March 2026	91%	Below Target	10 audits have been completed. Audits of the Climate Plan, Payroll, Voids Management, Performance Management, Treasury Management, ICT Strategy, Building Control, Accounts Payable, Main Financial Systems and Market Services have been completed. The final programmed audit: Stock Control, is being finalised.

Index	Priority	Action	Owner	Target/s	Q4 Value	Q4 Status	Manager Commentary
COUN15	Effective Council	Complaints, Freedom of Information (FOI) and Subject Access Request (SAR) reporting.	Director of Law & Governance (Data Protection Officer)	*Number of Complaints (% dealt with within defined timescales)	543 received 81% completed on time	On Target	The Council has a target of responding to 80% of complaints within defined timescales. In Q4 2025/26, the Council received 543 complaints. 81% were resolved within the target timescale, this is slightly below the performance of Q4 2024/25 (85%). Complaint volume has averaged at 474 per quarter over 2025/26. Processing performance within targeting times has averaged 81.5%.
				*Number of FOIs (% dealt with within defined timescales)	205 received. 90.73% completed on time	Below Target	The Council has a target of resolving 95% of FOI requests within defined timescales. In Q4 the Council received 205 FOI requests. 90.73% were resolved within the defined timescales. This is in line with the performance of Q3. Whilst this is within nationally acceptable performance levels, it is below the Corporate KPI stretch target, which was consistently achieved in 2024/25. FOI volume has averaged 205 per quarter over 2025/26. Note that is not an indication of the complexity level of individual FOI requests.
				*Number SARs (% dealt with within defined timescales)	11 received. 81.82% completed on time	Below Target.	The Council has a target of resolving 90% of SARs within defined timescales. An influx of SARs in the first two quarters of 2025/26 resulted in a significant decline in processing performance. 23.08% of SARs were resolved within defined timescales in Q2. At the end of Q4, performance had been raised to 81.82%, with SAR volume in line with that of the first two quarters of 2025/26. Note that is not an indication of the complexity level of individual SAR cases.

Index	Priority	Action	Owner	Target/s	Q4 Value	Q4 Status	Manager Commentary
COUN15	Effective Council	Complaints, Freedom of Information (FOI) and Subject Access Request (SAR) reporting.	Director of Law & Governance (Data Protection Officer)	* Stage 1 complaints per quarter with a resolution & Stage 2 resolution Ombudsman determinations against the LA (Housing)	90 received Stage 1 Resolved 90 on time (96%) Stage 2 received 9 Resolved 9 on time (100%) Ombudsman Determinations Against – 0 (14 ongoing cases)	On Target	In Q4, the Housing directorate received a total of 90 Stage 1 complaints (Housing Services 44, Housing Technical Services 46) and 9 Housing Stage 2 complaints. 96% of Housing Stage 1 complaints and 100% of Housing Stage 2 complaints were responded to within the target timescale. As of the end of Q4, 90 Stage 1 complaints had been successfully resolved and 9 Stage 2 complaints had been successfully resolved. Housing is now undertaking a more detailed review of complaint data across all service areas to identify themes, learning, and opportunities for service improvement.



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Governance and Audit Committee

Thursday, 25 June 2026

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

Start time of Full Council meetings

Report Author

James Welbourn, Democratic Services Manager

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Purpose of Report

The Governance and Audit Committee is requested to consider the results of a survey to all Members of the Council in respect of start times of Full Council.

Recommendations

Governance and Audit Committee is asked to:

- 1. Consider the results of the survey to all Members of the Council on the start time for meetings of Full Council.**
- 2. Consider whether or not to make a formal recommendation to the Council's Chief Executive regarding any proposed changes to the start time.**

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

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 There are no significant financial implications associated with this report. n.

Completed by: David Scott – Assistant Director of Finance and Deputy S151 Officer.

Legal and Governance

1.2 Paragraph 6.1 of Part 4(1) of the Council's Constitution (Council Procedure Rules) states that the time and place of meetings will be determined by the Chief Executive and notified in the summons. The Chief Executive is the Council's Head of Paid Service and has responsibility for the authority's management structure and deployment of Officers.

Completed by: James Welbourn, Democratic Services Manager

2. Background to the Report

2.1 Following a request from the Conservative Group to change the start time of meetings of full Council from 2pm to 1pm in the afternoon, all members were contacted by email on Friday 27 February 2026.

3. Key Considerations

3.1 The Council's Constitution states that the time and place of meetings will be determined by the Chief Executive. The Chief Executive is the Council's Head of Paid Service and has responsibility for the authority's management structure which includes the deployment of officers.

3.2 Meetings of Full Council have commenced at 2pm at South Kesteven District Council since late 2023 and had previously commenced at 1pm.

3.3 A survey was sent to all Members of the Council and was open for two weeks to seek their views on whether the start time for Full Council should move from 2pm to 1pm. 29 Members out of the Council's 56 completed the survey, equating to a 51.8% response rate.

3.4 Of those who took part in the survey, 48% of respondents (14 members) suggested a change in the start time to 1pm for meetings of Full Council. 38% (11 members) thought that the existing start time should not change, whereas 14% (4 members) were not sure or did not know.

3.5 A full overview of the results in the survey is attached at Appendix 1 to this report.

4. Other Options Considered

4.1 To make a recommendation to the Chief Executive regarding a change in the start times of meetings of Full Council from 2pm to 1pm.

4.2 To recommend maintaining the existing arrangement.

4.3 To recommend an alternative course of action.

5. Reasons for the Recommendations

5.1 To fulfil the summary at paragraph 10 of the consultation; to report the results of the consultation to Governance and Audit Committee for discussion.

6. Appendices

6.1 Appendix 1 – Full Council start time consultation results.

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Full Council Start Time

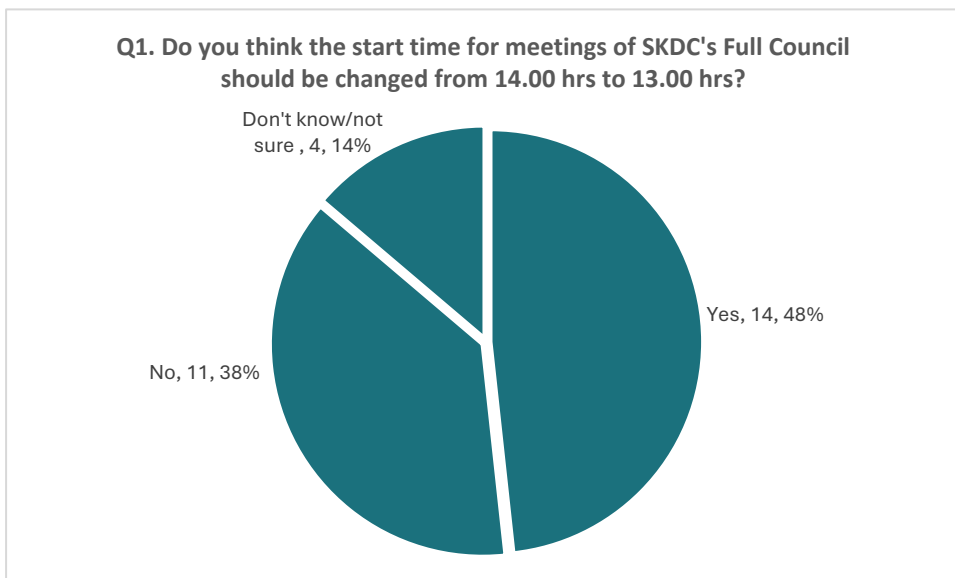
March 2026

Deb Wyles

Consultation Officer -
Communications

Executive Summary

1. Members of South Kesteven District Council were asked what they thought of a proposal to change the start time of full council meetings in a two-week consultation which ran during the first two weeks of March 2026.
2. 29 responses were received – a response rate of 51.8%.
3. Following a request from the Conservative Group to change the start time of meetings of full Council from 2pm to 1pm in the afternoon, all members were contacted by email on Friday 27th February 2026.
4. Members were asked if they thought the start time for meetings should change from 2pm to 1pm in the afternoon and were asked to respond by Friday 13th March.
5. When asked if they thought the start time for meetings of full Council should be brought forward to 1pm, just under half of those responding (14 or 48.3%) thought that the start time should be changed. Just under two fifths (11 or 37.9%) thought that it shouldn't, and four respondents (13.8%) didn't know or weren't sure. This is illustrated in the pie chart below:



6. When asked why they had chosen to answer in the way that they had, reasons given by those in favour of changing the start time included:
 - **Time constraints**
"To allow more time between full council conclusion and start of parish council meeting."
"There is barely time to complete the days business."

- **The size of the agenda**

“We never seem to be able to fit everything in the time allowed at present and I feel that people do not want to stay after 5pm.”

“I feel the meetings often feel rushed as the agenda can be large which means we are rushed through discussions and debate”

- **Childcare responsibilities**

“We are frequently running out of time and members are having to leave because of childcare responsibilities.”

“It would prevent parents of young children having to leave early to collect their children from aftercare.”

7. The reasons given by those not in favour of the change included:

- **Work**

“I take a half day from work for full council. Half days start at 12.30 at my place of work.”

“I work full time, the 2pm allows me to take a half day at the correct and useful time for my employers.”

- **Politics**

“The Conservative Party are doing this to prevent younger working councillors from being able to attend as they are no longer considered the opposition.”

- **Current attendance**

“There was a very good turnout at yesterday’s full council and if you change it, don’t be surprised if the turnout is lower.”

8. Four members answered don’t know/not sure. Perhaps not surprisingly, those who chose this option did not have a strong preference either way. Comments included:

“I don’t have a preference as I can make either time.....”

“I don’t mind. I think 2pm is better for those who work (as they can just take half a day off) whereas a 1pm start benefits those with children and those who find driving difficult in the dark during winter....”

9. The third question on the survey asked members for any other comments they would like to make about meeting start times. The feedback received was linked to this. Observations included:

- **Length of meeting**

“I'm more concerned about the length of the meeting as we have been unable to finish the agenda for at least the last three meetings”

- **Items on the agenda**

“A discussion about business brought forward from previous agendas also needs to take place. Two of the three motions yesterday were ‘out of date’ regarding their content.”

- **Finish time of meetings**

“I think its sensible providing the end time is fixed.”

“And we should seek to complete the Council meeting at latest 17.30pm. It should stop then”

- **What happens in other meetings**

“Planning starts at 1pm and continues until 5pm or 5:30.”

10. Members are asked to note the results of this consultation, which will now be submitted to the Governance and Audit Committee for consideration. This committee may decide to submit a recommendation to the Chief Executive, Karen Bradford, that the time full council meetings start is changed from 2pm to 1pm. If agreed, this change would be proposed at South Kesteven District Council’s AGM on 21st May 2026.

Prepared by Deb Wyles

16th March 2026

Communications

South Kesteven District Council

Governance and Audit Committee Work Plan 2026-27

Item	Current Issues/Status	Outcome Sought
July 2026		
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
General Fund Draft Financial Outturn 2025/26	Council's outturn position for the financial year 2025/26 for the General Fund	To review the contents of the report and consider approving any reserve movements, Capital slippages and creation of reserves for the General Fund
HRA Draft Financial Outturn 2025/26	Council's outturn position for the financial year 2025/26 for the HRA	To review the contents of the report and consider approving any reserve movements, Capital slippages and creation of reserves for the HRA
Treasury Management Annual Report 2025/26	Annual report on Treasury Management activities for 2025/26	Approve the Annual Report
Treasury Management Report Quarter 1 Report 2026/27	Update on Treasury Management activities for the first quarter of 2026/27	To review and note the contents of the report
Strategic Risk Register	Strategic Risk Register is presented to the Committee every four months	To review and approve the Strategic Risk Register
Risk Management Annual Report 2025/26	Annual report of risk management activities undertaken during the year	To review and note the contents of the report

September 2026

Housing Benefit Subsidy Claim 2024/25	To provide the outcome of the Housing Benefit (Subsidy) Assurance Process for 2024/25	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
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
Health and Safety Annual Report 2025/26	Annual report of H&S activities undertaken during the year	To review and note the contents of the report
Ombudsman Annual Report 2025/26	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		

November 2026

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
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
Strategic Risk Register	Strategic Risk Register is presented to the Committee every four months	To review and approve the Strategic Risk Register
Safeguarding Annual Report 2025/26	Annual report of safeguarding	To review and note the contents of the report
Treasury Management Activity Updates Q2	Update on treasury management activities during the financial year for the Second Quarter	To review and note the contents of the report
Counter Fraud Annual Report 2025/26	Annual report of counter fraud activities undertaken during the year	To review and approve the contents of the report
Counter Fraud, Bribery, and Corruption Strategy 2026-28	Counter Fraud, Bribery, and Corruption Strategy 2026-28	To review and approve the Counter Fraud, Bribery, and Corruption Strategy 2026-28
Anti Money Laundering Policy 2026-28	Anti Money Laundering Policy 2026-28	To review and approve the Anti Money Laundering Policy 2026-28

January 2027

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 2027/28	Internal Audit to present the indicative Internal Audit Plan for 2027/28	To review and approve the indicative Internal Audit Plan for 2027/28
Treasury Management Strategy 2027/28	Council's indicative Treasury Management Strategy for 2027/28	To review and approve the indicative Treasury Management Strategy for 2027/28
Statement of Accounts 2025/26	To be approved each year by the statutory deadline	To approve the 2025/26 Statement of Accounts and their publication on the Council's website
Annual Governance Statement 2025/26	To consider the Draft Annual Governance Statement for 2025/26	To review and approve the Draft Annual Governance Statement 2025/26

March 2027

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
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 2027/28	Internal Audit to present the indicative Internal Audit Plan for 2027/28	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
Treasury Management Report Quarter 3 Report 2026/27	Update on Treasury Management activities for the third quarter of 2026/27	To review and note the contents of the report
Strategic Risk Register	Strategic Risk Register is presented to the Committee every four months	To review and approve the Strategic Risk Register

Unscheduled

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
Financial Regulations Implementation Update	An update following six months of the implementation of the Financial Regulations was requested at the 21 January 2026 meeting.	To review and note the contents of the report
Amendments to the Constitution	To consider a number of amendments to the Constitution.	Recommendation to Full Council

Items to be allocated as and when required

Code of Conduct
Code of Corporate Governance
Constitutional Amendments
Risk Management Framework – due in 2027/28
Review of Subject Access Requests
Committee Members meeting with auditors