

**Meeting of the
Governance and Audit
Committee**
**Wednesday, 22 January 2025,
10.00 am**



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Committee Members present

Councillor Tim Harrison (Chairman)
Councillor Helen Crawford (Vice-
Chairman)
Councillor Bridget Ley
Councillor Charmaine Morgan
Councillor Mark Whittington
Councillor Sue Woolley
Councillor Phil Gadd
Councillor Graham Jeal
Councillor Ashley Baxter
Councillor Philip Knowles

Alan Bowling (external co-opted
member)

Officers

Karen Bradford, Chief Executive
Richard Wyles, Deputy Chief Executive
and Section 151 Officer
Paul Sutton, Assistant Director of
Finance/Deputy Section 151 Officer
Graham Watts, Assistant Director
(Governance and Public Protection) and
Monitoring Officer
Tracey Elliott, Governance & Risk Officer
Joshua Mann, Democratic Services
Officer
Younis Salma, External Auditor
Paul Akanbi, Internal Auditor
Janine Combrinck, Internal Auditor

Cabinet Members present

Councillor Ashley Baxter
Councillor Philip Knowles

Other Members present

Councillor Rhea Rayside

53. Apologies for absence

An apology for absence was received from Councillor Paul Stokes, substituted
by Councillor Phil Gadd.

An apology for absence was received from Councillor Peter Stephens, substituted by Councillor Graham Jeal.

An apology for absence was received from Councillor Rob Shorrock.

54. Disclosure of interests

A Member suggested that Councillor Tim Harrison should relinquish his role as Chairman of the Governance and Audit Committee until such a time that they had completed further training as recommended by a recent Standards Committee hearing. The Member outlined sanctions agreed by the Hearing Review Panel. (Please see post-meeting note at Annex A).

Councillor Harrison stated he had already attended training but intended to conform to the sanctions agreed at the Hearing Review Panel. Taking into account the suggestion of the Member, Councillor Harrison voluntarily called for a vote to ascertain the views of the Committee.

The vote indicated support for the suggestion made. Councillor Harrison therefore voluntarily stood down from presiding over this meeting as Chairman at this stage of proceedings.

Councillor Helen Crawford, Vice-Chairman of the Governance and Audit Committee, took the chair.

Alan Bowling was welcomed to his first meeting of the Governance and Audit Committee as the Committee's External Co-opted Member further to his successful appointment in December.

55. Minutes of the meeting held on 27 November 2024

The minutes of the meeting held on 27 November 2024 were proposed, seconded and AGREED as an accurate record.

56. Updates from previous meeting

The Monitoring Officer confirmed that the Democratic Services Team was engaging with its counterparts at Lincolnshire County Council to identify and ensure that District Councillors could access the same external training opportunities as County Councillors. The outcome would be reported to the next meeting of the Councillor Development Group.

57. Value for Money Conclusion - KPMG

The item was presented by the external auditor from KPMG who clarified that the report brought before the Committee was the Value for Money Risk Assessment rather than the Conclusion.

It was summarised that the risk assessment had been evaluated by examining the three following domains: financial sustainability, governance, improving economy, efficiency and effectiveness.

For each of these, the report highlighted the particular plans, processes and performance indicators that had been examined in evaluating the level of risk. There were no significant risks identified within any of these domains.

As part of the value for money risk assessment procedures, the external auditors, KPMG, raised six recommendations relating to the following areas:

- Management response to Value for Money,
- Reporting on financial savings,
- Leisure SK Ltd,
- St Martin's Park Stamford land acquisition,
- Implementation of new finance system,
- Accounts preparation.

For each of these a management response was provided, identifying the responsible officer and an action date.

The Value for Money Risk Assessment was noted by the Committee.

58. Internal Audit Progress Report

The Internal Audit Progress Report was presented by the internal auditors, BDO, who clarified that, of eight audits commissioned, the audit brought before the Committee was regarding Council Tax and Business Rates.

It was noted that the next audit would be regarding Data Protection and Freedom of Information and would be presented to the Committee at the March 2025 meeting.

During discussions, Members commented on the following:

- How SKDC compared to other authorities regarding the quantity and frequency of written off debt. The internal auditors confirmed that SKDC had comprehensive revenue collection policies and an effective debt recovery process. Regarding write-offs, the report named an area of strength within the service area to be the separation of duties for writing off aged council tax and national non-domestic rate debts, with different staff proposing, authorizing and actioning write-offs.
- It was queried when the last audit of the financial management system was completed given the postponement of the recent audit. The Section 151 Officer confirmed that, following consultation with KPMG, the postponement of the financial management plan audit had occurred due to the upcoming overhaul of the current system. Therefore, it was

more effective to hold the audit when the new system had been implemented.

- The value of the debt shown on the balance sheet was queried. This was confirmed to represent SKDC's proportionate share of the debt.

The Internal Audit Progress Report was noted by the Committee.

59. Indicative Internal Audit Plan 2025/26

The Indicative Internal Audit Plan 2025/26 was presented by the BDO internal auditor.

The Indicative Internal Audit Plan 2025/26 outlined ten proposed audits and mapping of the strategic risk register. This had been drafted in consultation with the Section 151 Officer and following discussions with SKDC's Corporate Management Team.

It was clarified that a final plan containing an updated Charter would be brought to the March meeting of the Governance & Audit Committee. This would reflect the updated requirements from the global internal audit standards which were to be effective from 1 April 2025.

The Indicative Internal Audit Plan 2025/26 was noted by the Committee.

60. 2025/26 Treasury Management Strategy Statement

The 2025/26 Treasury Management Strategy Statement was presented by the Leader of the Council.

The Treasury Management Strategy Statement detailed the investment and borrowing policies that SKDC would follow during 2025/26.

The Chartered Institute of Public Finance and Accountancy (CIPFA) code and the Ministry of Housing, Communities and Local Government (MHCLG) statutory guidance also required SKDC to have a policy on non-treasury investments which was included in the Capital Strategy which was to be considered by Council on 27 February 2025.

Within the Treasury Management Strategy Statement was clarification regarding the counterparties that SKDC considered investing with and the limits for doing so with each counterparty.

The Leader of the Council confirmed that SKDC's investments were performing better than expected due to market conditions.

During discussions, Members commented on the following:

- The Section 151 Officer confirmed their desire to adhere to the Environmental, Social and Governance (ESG) statement given that it was a CIPFA initiative which had been endorsed by Full Council.

- Training was requested for Members of the Governance & Audit Committee regarding the up-to-date requirements within the CIPFA code. This was acknowledged by the Section 151 Officer and the Leader of the Council referred Members to their Councillor Personal Development Plans.
- The reporting responsibilities of the Section 151 Officer were queried if the Officer had to exercise their emergency powers. It was confirmed that an Officer Delegation Report would be published, and the Governance & Audit Committee would be notified at their next meeting.

Following discussions, it was proposed, seconded and AGREED to recommend to Full Council that the 2025/26 Treasury Management Strategy Statement was approved.

61. Proposed amendments to the Council's Constitution

The report was presented by the Cabinet Member for Corporate Governance and Licensing.

The report was broken down into three recommendations relating to amending the constitutional procedures of the following areas:

- Overview and Scrutiny Procedure Rules,
- Recorded vote for adoption of the Local Plan,
- Letting of land and property – delegated authority.

Overview and Scrutiny Procedure Rules

The Cabinet Member explained that the purpose of this amendment was to place more onus on the Member making the request to liaise with the relevant Cabinet Member and Officer and undertake some research themselves in relation to a particular item. The Committee could then determine whether it wished to include the item on the work programme for a future meeting. The amendment also sought to ensure that the Member who made the initial request for the item had to be in attendance during its consideration at a meeting.

The Cabinet Member noted that this procedure was similar to that in place at Lincolnshire County Council which seemed to work well based on feedback received from those District Councillors who were also County Councillors.

During discussion, Members commented on the following:

- It was confirmed that the number of items on an agenda would be determined by the Committee, dependent upon their urgency, as part of considering its work programme. Subsequent management of the work programme would take place by the Chairman and Vice-Chairman outside of formal meetings of the respective committee via agenda

setting meetings in liaison with the relevant Cabinet Member and lead officer.

- The point was made that there were occasions where Members requested information or updates rather than a full report. It would be up to each Committee or Chairman and Vice-Chairman to manage this when considering and managing the work programme.

Following discussion, it was proposed, seconded and AGREED to recommend to Full Council that the Overview and Scrutiny Procedure Rules at Part 4 (Rules of Procedure) of the Council's Constitution be amended, as set out in paragraph 3.6 of the report.

At 10.46 AM Councillor Phil Gadd left the Chamber and Councillor Charmaine Morgan joined the Chamber.

At 10.49 AM the meeting was adjourned due to a technical issue. The meeting resumed at 11.06 AM.

Recorded vote for adoption of the Local Plan

The Cabinet Member explained that this amendment was being proposed to ensure that a recorded vote be held for any vote regarding the adoption of the Local Plan at Full Council.

During discussion, Members commented on the following:

- Why this provision was necessary. The Cabinet Member clarified that this would give greater clarity and transparency to the public regarding one of the most fundamental documents in shaping South Kesteven as a district. Several Members expressed their support for this sentiment.

Following discussion, it was proposed, seconded and AGREED to recommend to Full Council that the following new sub-paragraph be added to paragraph 15 of the Council Procedure Rules:

15.7 A recorded vote will be taken in respect of any decision to adopt the Local Plan.

Letting of land and property – delegated authority

The Cabinet Member confirmed this proposal as an extension of the delegated authority of certain officers, including the Section 151 Officer regarding the letting of land and property. Namely, the proposal was to add the following sub-paragraph under section paragraph 26 (Property, including land) of Part 3(c) of the Council's Constitution:

h) Any Lease, agreement or letting where the total value over the period exceeds £100,000 must be supported by an independent valuation and undertaken in consultation with the Cabinet Member for Property.

During discussion, Members commented on the following:

- The Section 151 Officer confirmed that they did not currently set any rentals or lease agreements themselves, independently, and these were always set in consultation with external advisors.
- A Member expressed their view that greater consideration should be given to residents when leases were awarded to commercial units located underneath residential premises. The Section 151 Officer reported that terms of a commercial lease would be clearly set out to ensure that they acted without any detrimental impact to residents living nearby – especially in relation to health and safety.
- It was queried whether consideration had been given to changing the numerical figure in the proposal and a Member noted the issue of including a fixed numerical figure could require regular review due to inflation. The Section 151 Officer reminded Members that the purpose of the value in the delegation was a level in which the Cabinet Member and an independent valuation would become involved in the process.

Following discussions, it was proposed, seconded and AGREED to recommend to Full Council Part 3(c) (Responsibility for Functions – Delegated Powers to Officers) of the Council's Constitution be amended under section 26 (Property, including land), as set out in paragraph 3.11 of the report.

62. Risk Management Annual Report 2023-24 including Risk Management Framework 2025-27

The Risk Management Annual Report 2023-24 including Risk Management Framework 2025-27 was presented by the Cabinet Member for Corporate Governance and Licensing.

The Cabinet Member outlined the following changes to the report since the publication of the last draft framework in 2021:

- Risk Management Policy Statement had been separated into the component parts.
- Risk Management Strategy now included aims in addition to objectives.
- Risk Management Governance Framework (Appendix B) and Roles and Responsibilities (Appendix C) had been updated to ensure they reflected the current structure of the Council.
- Risk Management Process (Appendix D) had been consolidated and included the new risk matrix as approved by Governance and Audit Committee in November 2023.
- Strategic Risk Management Approach (Appendix E) was a new appendix specifically around the approach to strategic risk.

- Council's Risk Register Layout (Appendix F) was a new appendix to ensure consistency in recording risks.

During discussions, Members commented on the following:

- Praised the comprehensiveness of the report.
- It was queried whether there was a risk appetite statement adopted by SKDC. It was confirmed that this was alluded to in Appendix A of the report. The current risk register did not establish the individual risk levels, but this could be considered for incorporating into the new risk register being produced for the March meeting of the Governance & Audit Committee. The Section 151 Officer did note that the risk appetite would vary depending on the issues which may not lend itself to an overarching statement. Instead, in consultation with RSM International, a risk radar was being considered to identify long-term, external risks.

Following discussions, it was proposed, seconded and AGREED to approve the Risk Management Annual Report 2023-24, and the draft Risk Management Framework 2025-27 included in Appendix A.

63. Work Programme 2024 - 2025

The Democratic Services Officer noted that item entitled "External Audit Finding 23/24" within the Work Programme for the 13 February 2025 meeting was a duplicate and would be removed.

A Member queried whether the 2023/24 Statement of Accounts had been agreed by the auditors. It was noted that discussions were ongoing between Officers and the auditors prior to the statutory deadline of 28 February 2025.

It was noted that the Risk Register item included on the Work Programme for the 19 March 2025 would encompass the Risk Management Statements.

A request was made for an update regarding the Access to Information Working Group to be added to the Work Programme. The Monitoring Officer requested that this be included on the work programme for the March meeting of the Committee given that the next meeting of the Working Group was scheduled to be held in February.

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

There was none.

The meeting concluded at 11:32 AM.