

# Minutes

## Governance and Audit Committee

Wednesday, 19 March 2025, 10.00 am

**Council Chamber – South  
Kesteven House, St Peter's Hill,  
Grantham, NG31 6PZ**



**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**

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### Committee Members present

Councillor Tim Harrison (Chairman)  
Councillor Rob Shorrock  
Councillor Peter Stephens  
Councillor Paul Stokes  
Councillor Mark Whittington  
Councillor Sue Woolley  
Alan Bowling – Independent Person

### Cabinet Members present

Councillor Ashley Baxter (Leader of the Council)  
Councillor Philip Knowles (Cabinet Member for Corporate Governance and Licensing)

### Officers

Richard Wyles (Deputy Chief Executive and S151 Officer)  
Graham Watts (Assistant Director - Governance and Public Protection and Monitoring Officer)  
Andrew Beaver (Community Safety Manager)  
Phil Swinton (Emergency Planning and Health & Safety Lead)  
Tracey Elliot (Governance and Risk Officer)  
Amy Pryde (Democratic Services Officer)

Matt Humphrey, RSM Partner  
Paul Akanbi, Internal Auditor  
Gurpreet Dulay, Internal Auditor

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### 73. Apologies for absence

Apologies for absence were received from Councillors Helen Crawford and Bridget Ley.

### 74. Disclosure of interests

No interests were disclosed.

## **75. Minutes of the meeting held on 13 February 2025**

One Member queried whether the Chairman of the Committee had completed further training, as recommended by a Standards Committee hearing.

The Chairman had made a statement at the previous meeting of Governance and Audit held on 13 February 2025. The previous statement clarified the Chairman had 6 months to undertake the relevant training from the point the decision was made by the Hearing Review Panel.

The minutes of the meeting held on 13 February 2025 were proposed, seconded and **AGREED** as an accurate record.

## **76. Internal Audit Follow Up Report**

The Internal Audit Follow Up Report was presented by the Cabinet Member for Corporate Governance and Licensing.

The internal auditors, BDO had prepared their follow up report for Council to consider.

BDO had followed up the outstanding two recommendations from 2023/24 for Responsive Repairs – one has been completed, and the other was ‘in progress’ and acknowledged as good progress being made. The action ‘in progress’ related to the implementation of a programme where 10% of jobs would be formally quality assessed.

BDO had followed up 13 medium recommendations from 2024/25 audits, and five recommendations which were not yet due.

During discussions, Members commented on the following:

- A timescale on when the ‘in progress’ recommendations would be brought back to the Committee.

The Internal Auditor confirmed each action agreed would go to next meeting of Governance and Audit Committee following the due date within the report.

- Clarification was sought around the difference between actions that were completed and actions that were completed and operational.

The Internal Auditor confirmed that follow ups would be to ensure the Council had actioned the recommendations from Internal Audit in terms of a testing schedule. All actions that were completed and operation would be under review in the event that they were not being fully met.

- It was suggested that actions that were ongoing or required further operation input be addressed within the report.

During the Business Continuity Plan (BCP) audit, a training programme had been implemented over two years. The programme had been completed; however, it was ongoing and a rolling action.

- Concern was raised on the BCP's management response on the audit relating to business continuity and disaster recovery. The completion of BCP's had been delayed due to the recent floods within the area.
- One Member requested the date on the meeting where Officer's would deliberate on the BCP for their service area.

The Emergency Planning and Health and Safety Lead confirmed that BCP awareness sessions had taken place on 18 February and 18 March 2025. For Officer's that attended the 18 February session, a timeframe had been given for their draft BCP be returned, reviewed and a final version to be submitted by 18 April 2025. Officer's that attended the 18 March session had until 18 April to submit their first drafted BCP for review.

The reason for the delay was due to Officer's being redeployed to a response team for the floods within the area. A Business Impact Analysis (risk assessment) was in place for the Council, which were in the background for business continuity. The BCP's were introduced as an additional layer of resilience for business continuity.

The Internal Auditors confirmed that follow-ups were a judgement as to whether enough assurance had been given to complete an action. Assurance was provided that the Auditors were seeing a higher portfolio for this Council on completion rates, which was above average for other Local Authorities.

- Concern was raised on the audit around response of repairs and that only one employee would undertake quality checks.

The Deputy Chief Executive noted that reference had been made on the audit comment that post check process had commenced on QL system KPI's were being progressed and monitored monthly, completion had however suffered some delays, now planned to be completed by end of March 2025. The comment did not reference any resource issues of staff.

It was requested that wording of management responses be more specific and detailed in order for the Committee to gain a better understanding.

The Committee noted the findings of the Internal Audit Follow Up Report.

## **77. Draft Internal Audit Plan 2025/26**

The Draft Internal Audit Plan 2025/26 was presented by the Cabinet Member for Corporate Governance and Licensing.

In order to demonstrate good governance, the Council must maintain an adequate, effective internal audit plan, provided by the Internal Auditors. They had produced an indicative plan presented on 22 January 2025 and the Committee were provided with the final plan at this meeting.

The Internal Auditors outlined important financial areas within the 2025/26 plan which should provide assurance to the Committee:

- Treasury management
- Financial systems
- Payroll

From 1 April 2025, the operational standards that Internal Auditors complied with would change to Global Internal Audit Standards in UK Public Sectors, however, this would not change any information provided by BDO.

- It was queried how much flexibility was within the plan in the event of an emergency issue that required attention as a priority.
- One Member queried the level of cooperation and expected link between the Internal and External Auditors on particular projects.
- Further reassurance was sought on the change of standards. External Auditors had previously had a change of standards which led to some delays and a higher workload.

The Internal Auditors confirmed that 27 days had been allocated within the 220 days plan for contingency purposes which allowed 12% of the total days to be flexible for any issues that may occur during the financial year. It was clarified that an explanation of any changes to the plan would be brought back to the Committee to amend the plan.

Internal and External Auditors would have annual meetings, discussions throughout the year and would work in conjunction with one another on topics of significant importance and information sharing.

- It was queried whether financial systems had been previously monitored.

The Internal Auditor clarified that the monitoring of financial systems was not mandated through the standards. The change of the financial system for 2025/26 meant that an increased focus on financial systems would take place for the plan.

The Internal Auditors focused on the internal controls of an organisation and External Auditors would focus on assessing the accounts and provide a true and fair opinion on whether accounts were true and valid.

The Deputy Chief Executive clarified that since April 2024, External Auditors for the Council were KPMG.

- It was suggested whether the plan be amended to show the last time an area was audited.

The Internal Auditor confirmed there were satisfied with including the time in which an area was last audited within the future plans, in consultation with management.

- One Member queried governance failure as a strategic risk and what depth of information that would include.

Risk 13 of the Council's Strategic Risk Register provided an overview of the Council's own definition of governance failure. The risk set out potential causes, controls and enablers that the Council had in place. The Internal Auditors would take the risks from the risk register to include within their plan, audits would be set out into the subsequent years that may coincide with the relevant risk.

It was proposed, seconded and **AGREED**:

To approve the Draft Internal Audit Plan 2025/26 attached at Appendix A.

## **78. Regulation of Investigatory Powers Act Policy**

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

Cabinet had approved the Council's Regulation of Investigatory Powers Act Policy at its meeting on 6 February 2024 where it delegated the undertaking of an annual review of the Policy to the Governance and Audit Committee. This report facilitated the annual review of the Council's Policy.

- Clarification was sought around the difference between covert and overt surveillance. It was queried whether the police must request that the CCTV operatives actively monitor an individual and that they must have a RIPA in place to be able to do so.

The Assistant Director (Governance and Public Protection) and Monitoring Officer confirmed that the police operated separately to the Council's CCTV operators. CCTV and the Police worked in partnership with one another and CCTV for the District was now based at the Police Station in Grantham.

It was noted that RIPA's could only be granted by a court and involved a complex application process. The Council or the Police could apply for a RIPA if it was required. It was confirmed the following areas of activity would require a RIPA:

- **Directed Surveillance:** covert surveillance undertaken in relation to a specific planned investigation or operation which is likely to lead to private information about a person being obtained. Surveillance is covert where it is conducted in a manner calculated to make sure that the subject is not aware that it is happening.

- **Intrusive Surveillance:** covert surveillance which takes place in residential premises or a private vehicle either by the presence of a person within the premises or vehicle or the installation of a device. It cannot be conducted by a Local Authority.
  - **Use of a Covert Human Intelligence Source (CHIS):** a CHIS is a person who maintains a personal or other relationship with a person for the covert purpose of obtaining or gaining access to information. It does not mean circumstances where members of the public volunteer information or to contact numbers set up to receive information but it will cover cases where officers or other agencies with which the Council works are asked to obtain information from someone by establishing or maintaining a personal or business relationship with that person.
- It was queried whether the Police contacting CCTV operators requesting them to monitor an individual would require the granting of a RIPA. It was confirmed that a RIPA would not be required if activity had been captured within those areas under the supervision of the Council's public CCTV as this would not be classed as covert surveillance. This was due to notices being placed in the public domain outlining that CCTV was in operation, together with the location of all cameras being placed on the Council's website. A RIPA would be required by the Police, or the Council, in circumstances, for example, where cameras were being set up without notice to capture information about an individual as part of a planned investigation or operation.

The Committee was referred to the revised code of practice for the covert surveillance and property interference document.

Directed surveillance was classified if the following were all true:

- It is covert but not intrusive surveillance.
  - It is conducted for the purposes of a specific investigation or operation.
  - It is likely to result in the obtaining of private information about a person, whether or not one specifically identified for the purposes of the investigation or operation.
  - It is conducted otherwise than by an immediate response to events or circumstances, the nature of which is such that it would not be reasonably practical for an authorisation under Part 2 of the 2000 Act to be sought.
- One Member queried that if the Police were to request CCTV operators to watch an individual under covert surveillance without a RIPA in place, the onus would be on the CCTV operators for providing the information without a RIPA. In some instances, the Police would apply for the RIPA.

**ACTION: For the Assistant Director (Governance and Public Protection) and Monitoring Officer to confirm whether the onus would be on the Council if the Police were to request CCTV operators to monitor an individual under covert surveillance without a RIPA in place.**

Training on RIPA took place on an annual basis for Officers who undertook operational roles meaning they were fully aware of the implications associated with the requirements of RIPA.

- One Member queried if the Police requested CCTV operators to review an individual who had been suspected of criminal activity in the past using previous footage, and whether a RIPA would be required in such circumstances. It was noted that some of this information may have already been recorded historically and could assist in patterns of behaviour in particular individuals, given that the recording had been recorded overtly through the CCTV system, a RIPA would not be required.

The Assistant Director (Governance and Public Protection) and Monitoring Officer also confirmed that a RIPA could not be retrospective. An application for a RIPA would need to specify key information such as the evidence anticipated to be gathered as part of the investigation or operation, timescales and review periods associated with the activity.

- A query was raised on legalities around new cameras being put up by businesses around Grantham Town without notice.

It was clarified that RIPA does not apply to local businesses and they would not need to follow the same requirements as the Council in this regard.

It was AGREED to:

1. Note the content of the report
2. Agree that no amendments are required to the Council's Regulation of Investigatory Powers Act Policy

## **79. Appointment of LSK Ltd Directors**

*(The Cabinet Member for Corporate Governance and Licensing declared an interest as a Director of LeisureSK Ltd, he left the Chamber for this item).*

The Assistant Director (Governance and Public Protection) and Monitoring Officer stated there was not a need for the Committee to go into private session, unless they wished to discuss individual people.

The report sought to appoint Mr David Scott onto the Board of LeisureSK Ltd in place of Mr Paul Sutton, who had previously been appointed on an interim contract.

It was noted that Deborah Roberts had resigned as Chairman and a Member of the Board with effect from 31 March 2025.

The Council had not made a nomination for replacement following the resignation of Deborah Roberts.

It was suggested whether the Committee felt it was appropriate to delegate the appointment to the Head of Paid Service in consultation with the Chairman of Governance and Audit.

- One Member felt it was necessary for Mr David Scott to complete his Director training ahead of his appointment.

The Deputy Chief Executive confirmed that Mr David Scott would be supported through training to ensure he was aware of his roles and responsibilities.

- Concern was raised on the restrictions on putting certain employees of the Council on the board of a Council owned company.
- One Member noted that since its inception in 2020, the company had 15 Officers and 10 resignations. It was felt that staff turnaround for LeisureSK Ltd should be looked into as a risk.

The Deputy Chief Executive clarified the restriction element of Officers was in respect of statutory officers that were not permissible on working for the Council and the company as this could lead to internal conflict.

The relationship between the Council and LeisureSK Ltd would change as of 1 April 2025, as LeisureSK Ltd become a collecting body on behalf of the Council working under an agency model.

- Members discussed the lack of skill sets experienced historically with previous Directors of LeisureSK Ltd.
- Further information was requested on the extent of impact the move towards the agency model would have on the company.

The Deputy Chief Executive highlighted the business case for the change of model was heard and approved at a meeting of Cabinet on 10 September 2024.

- One Member assessed whether an agency needed to be in place or whether the company could be run in house.

The Deputy Chief Executive confirmed the move to the agency model was a taxation strategy and was the best position for the Council and taxpayers.

- Further concern was raised on the selection of individuals for the appointment in replacement of Deborah Roberts. It was felt that individuals may not have the skill set to become a director of a company, prior to any training.

It was suggested that the delegation for the appointment included the Leader of the Council and relevant Cabinet Member in order to consider and understand the skill set of the individual nominated for the appointment.

It was proposed, seconded and **AGREED:**



1. **Approve the appointment of Mr David Scott to the Board of LeisureSK Limited, in place of Mr Paul Sutton.**
2. **To delegate the appointment of a new Director for LeisureSK Ltd to the Head of Paid Service in consultation with the Leader of the Council and the Cabinet Member for Culture and Leisure.**

#### **80. 2024/25 Accounting Policies and Publication Date of the Statement of Accounts**

The Leader of the Council presented the report.

The Council was required to disclose its accounting policies applied to all material balances and transactions within its Statement of Accounts. These are produced in line with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (The Code). It is good practice to consider and adopt the accounting policies in advance of the production and approval of draft accounts.

There had been one minor change to the treatment leases, however, this was not considered to be a significant change to the production of the accounts.

The report also included details of the publication dates for the draft and final audited 2024-25, with a draft publication date of 30 June 2025 and an audited date of 27 February 2026.

- One Member felt the audited date could be subject to move as this would depend on views of the external auditors.

It was proposed, seconded and **AGREED** to:

1. Approve the Statement of Accounting Policies to be used in the production of the 2024/25 Financial Statements (Appendix A).
2. Note the publication dates for the draft and final audited Financial Statements.

#### **81. Treasury Management Report Q3 2024/25**

The Leader of the Council presented this report which provided details of the treasury management activities in the period up to December 2024. Under part 1 of the Local Government Act 2003, the Council is required to have regard to the Prudential Code for capital finance including the setting of prudential indicators.

The prudential indicators had been approved by Full Council for the current financial year on 29 February 2024.

No additional borrowing was required during the third quarter of 2024/25. Appendix A included details of loans outstanding as at 31 December 2024. Regular reviews are undertaken to consider redemption costs of natural maturity against new borrowing to settle the outstanding debt early.

A schedule of investments on 31 December 2024 was set out in Appendix A and were split between short term and long-term investments. Overall, investment income was exceeding budget due to higher rates than anticipated. Investment income was split between the General Fund and the HRA in accordance with the level of balances. These are a welcome boost to the council finances and will support delivery of wider corporate objectives.

The Committee to:

1. Note the treasury position contained with the Quarter 3 review and compliance with the prudential indicators for 2024/25.

## **82. Strategic Risk Register including Emerging Risk Radar**

The Cabinet Member for Corporate Governance and Licensing presented the report which outlined the Strategic Risk Register alongside the Emerging Risk Radar.

The Cabinet Member for Corporate Governance and Licensing thanked the Governance and Risk Officer (Tracey Elliot) for a comprehensive and informative report, alongside the RSM Partner, Mr Humphrey for his helpful assistance.

The Strategic Risk Register was last reviewed by the Committee at its meeting on 29 September 2024. An assessment of the emerging risks facing the Council has been undertaken for the purpose of:

- a. comparing the outcomes with the Strategic Risk Register and determining where updates are required; and
- b. creating an Emerging Risk Radar to aid ongoing monitoring of risk events on which the Council wish to remain mindful of as part of future risk management and decision making

A partner from RSM highlighted the two elements to the report: one being a retrospective look at existing actions in the Strategic Risk Register and looking at progress being made against those. The two elements were of high importance to prevent harm coming to the Council.

The forward look element which identified the emerging risk profile of the Council. This element was created using an RSM-based emerging risk profile that had been produced with a whole range of organisations, which would be utilised as a comparison mechanism with the Strategic Risk Register to identify where changes were required.

The RSM Partner drew the Committee's attention to the next series of activity where the Strategic Risk Register would be updated for all items that had come out of the emerging risk exercise.

- One Member noted some new strategic risks around Local Government Reorganisation (LGR). It was queried when these risks would be incorporated within the Draft Strategic Risk Register, and whether these could be reviewed on a more frequent basis (quarterly), due to the nature of the risks.

The Deputy Chief Executive clarified that LGR had been identified to go onto the Strategic Risk Register and if approved would be brought back to the Governance and Audit Committee in September. The risk would include controls, actions and mitigations in place. The Council was expecting a response from Government on the indicative submission of LGR by June 2025.

As part of the Committee's term of reference was the element of strategic risk and not project review. There would be two layers of risk management for LGR, the strategic element which would be brought back to the Committee following its inclusion onto the Strategic Risk Register and the risks being managed via the project management of LGR would be reported to the appropriate Committee or other governance structure.

- A query was raised on transforming the Council through digital technology and Ai and how this would feed into risk management.
- Another Member felt that information may need to be provided sooner or more regularly in particular elements.
- Concern was raised on the effective use of apprenticeship scheme to build entry level capacity and build experience in local government in the future and that the Council was unable to maintain and build sufficient staffing capacity and capability. It was felt there was a need for apprenticeships.

The Deputy Chief Executive clarified that the transformation around investing in Ai and other technology process automation made by the Council would be reviewed depending upon the outcome of LGR discussions. It was unknown whether investment in digital technology and Ai was appropriate or necessary if the Council was taken forward into the LGR review.

**ACTION: For the Deputy Chief Executive to engage with the Head of Paid Service for HR on apprenticeships and provide a response to the relevant Member.**

Councillor Mark Whittington noted that he would like more regular, quarterly updates on LGR, due to possible issues that may occur in the future.

The Deputy Chief Executive further confirmed that within the current Constitution, this Committee would not be appropriate in monitoring progress of the LGR. Discussions would need to take place on whether a different Committee or governance structure would need to be put into place, should the LGR go ahead.

**ACTION: For the Assistant Director (Governance and Public Protection) and Monitoring Officer to explore options on which Committee would be best to**

**determine LGR or whether a new governance structure would need to be put into place, should the LGR go ahead.**

- A comment was made on risk 3 (serious health, safety, and well-being failure by the Council). Concern was raised that any reference to well-being did not occur anywhere else on the document. It was suggested to refer to Health and Safety and Wellbeing Policy and Health and Safety and Wellbeing Manager.

The RSM Partner confirmed that the risk could be brought out more thoroughly when the risks were revised or reviewed with management. More significant risks could be developed further to make sure the Committee have full understanding of what each of them mean.

It was proposed, seconded and **AGREED**:

For the Strategic Risk Register and Emerging Risk Radar to be reported to the Committee on a quarterly basis.

It was proposed, seconded and **AGREED** to approve:

1. The outcomes of the Emerging Risk Assessment and recommended updates to the Strategic Risk Register
2. The Emerging Risk Radar

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

The Committee noted the Work Programme.

The Deputy Chief Executive confirmed that an indicative Work Programme would be appended to the Annual Report 2025/26 at the AGM on 22 May 2025.

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

There were none.

### **85. Close of meeting**

The Chairman closed the meeting at 11:54.