

Meeting of the Governance and Audit Committee

**Wednesday, 18 June 2025, 10.00
am**



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

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

Officers

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

1. Apologies for absence

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

2. Disclosure of interests

No interests were disclosed.

3. Minutes of the meeting held on 19 March 2025

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

4. Updates from previous meeting

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

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

5. External Audit Plan

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

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

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

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

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

During discussions, Members commented on the following:

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

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

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

6. Internal Audit Progress Report

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

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

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

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

During discussions, Members commented on the following:

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

The Internal Audit Progress Report was noted by the Committee.

7. Internal Audit Annual Report 2024-25

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

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

Opinion

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

Number of Recommendations

Low	Medium	High	Total
10	18	0	28

During discussions, Members commented on the following:

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

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

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

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

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

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

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

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

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

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

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

During discussions, Members commented on the following:

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

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

9. Progress Update on Fair Tax Declaration

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

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

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

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

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

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

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

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

During discussions, Members commented on the following:

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

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

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

11. Work Programme 2025 - 2026

Assistant Director, David Scott, returned to the Chamber.

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

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

There was none.

13. Exclusion of the Press and Public

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

14. Additional Security for Councillor IT devices

The matter was noted by the Committee.