

Minutes of a Meeting of the Audit and Governance Committee held in the Hub, Mareham Road, Horncastle, Lincolnshire LN9 6PH on Wednesday, 19th November, 2025 at 10.45 am.

## PRESENT

Councillor Rosalind Jackson (Chairman)

Councillors Stef Bristow, Neil Jones, James Knowles, Ian Silcox-Crowe and Christopher Pilkington.

Ian Silcox-Crowe and Christopher Pilkington attended the meeting as Independent Co-Optees.

Councillor Daniel Simpson attended the Meeting as a Substitute.

## GUESTS IN ATTENDANCE:

Councillor Graham Marsh - Deputy Leader of the Council and Portfolio Holder for Community Safety, Leisure and Culture, and Carbon Reduction

## OFFICERS IN ATTENDANCE:

Robert Barlow - Chief Executive  
Russell Stone - Director of Finance and Section 151 Officer  
John Medler - Assistant Director, Governance & Monitoring Officer  
James Boyle - External Audit Director, KPMG  
Martin Gibbs - Procurement and Contracts Manager, PSPS Limited  
Claire Goodenough - Head of Internal Audit  
Mark Harrison - Internal Audit Manager  
Sean Howsam - Treasury and Investment Manager, PSPS Limited  
Rosie Kelly - External Audit Manager, KPMG  
Samantha Knowles - Chief Finance Officer, PSPS Limited  
Ellie Stacey - Head of Finance Delivery - Technical and Corporate, PSPS Limited  
Richard Steele - Group Manager for Information Governance and Data Protection Officer  
Laura Allen - Democratic Services Officer

## **39. APOLOGIES FOR ABSENCE:**

Apologies for absence were received from Councillor Jill Makinson-Sanders.

It was noted that, in accordance with Regulation 13 of the Local Government (Committees and Political Groups) Regulations 1990, notice had been given that Councillor Daniel Simpson had been appointed to the Committee in place of Councillor Edward Mossop for this Meeting only.

**40. DISCLOSURE OF INTERESTS (IF ANY):**

At this point in the meeting, Members were invited to declare any relevant interests. None were received.

**41. EXCLUSION OF THE PUBLIC AND PRESS:**

RESOLVED:

That under Section 100 (a)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item on the grounds that, if they were present, there could be disclosed to them exempt information as defined at paragraph 3 of Part 1 of Schedule 12A to the Act (as amended).

N.B. At the conclusion of the exempt session it was resolved that the Meeting move back into open session.

**42. MINUTES:**

The Open and Exempt Minutes of the Meeting held on 10 September 2025 were agreed as a correct record.

**43. ACTION SHEET:**

Members were referred to the Open and Exempt Action Sheets, pages 23 to 26 of the Agenda refer.

Members noted that the Open and Exempt Actions from the Meeting held on 10 September 2025 were confirmed as completed or in hand as detailed within the Exempt Minute.

**44. CHAIRMAN'S UPDATE:**

The Chairman provided an update on recent activities and matters of relevance to the Committee.

- The Chairman advised Members that she had attended a Regional Audit Forum on 17 September 2025, which focused on the new '*Failure to Prevent Fraud*' offence. This was highlighted as a significant new category of offence applicable to organisations such as East Lindsey District Council. Members were advised that further details in relation to Counter Fraud would be addressed under Item 8 of the Agenda.
- On 2 October 2025, the Chairman attended a Public Sector Audit Appointments (PSAA) webinar regarding the consultation on annual fee scale changes. It was noted that while there would be an increase, it would not be as substantial as the previous rise.

- The Chairman confirmed that the Executive Board and the Audit and Governance Liaison meeting had taken place on 4 November 2025, during which discussions were held regarding the performance of the Committee.
- Members were advised that the Constitutional Working Group had met on 10 November 2025 to consider amendments to the Contract Procurement Rules, necessitated by recent legislative changes. Members were further advised that this matter would be addressed under Item 9 of the Agenda.

In conclusion, the Chairman reminded Members that assurance training would take place following the meeting.

#### **45. LOCAL GOVERNMENT REORGANISATION:**

The Chairman welcomed Rob Barlow, Chief Executive who was in attendance to provide Members with an update on Local Government Reorganisation (LGR).

Members were advised that the purpose of the update was to provide the Committee with an overview of the process, associated risks, and the proposed timetable.

##### **Overview of LGR**

The Chief Executive reminded Members that the Government's intention was to move from multiple tiers of local government to a single-tier model and that Greater Lincolnshire was included in the third tranche of areas undergoing this process, with proposals required to be submitted by 28 November 2025. Members were advised that the model supported by East Lindsey District Council, South Holland District Council and Boston Borough Council proposed two large unitary authorities (North and South), each serving approximately half a million residents.

The Chief Executive further explained that the Government would assess proposals against criteria such as financial sustainability, population size, and service quality before undertaking statutory consultation which was expected to commence in January 2026. Members were advised that consultation would primarily involve statutory partners rather than the general public.

##### **Risks and Challenges**

The following risks were highlighted:

- **Staffing:** Potential uncertainty leading to staff turnover and service disruption.
- **Assets and Liabilities:** Transfer of all assets and liabilities to new authorities, including items of local significance.

- **Finance:** Alignment of council tax levels across areas which may result in uneven increases.
- **Political Uncertainty:** Risk of national policy changes delaying the process.

### **Timetable and Next Steps**

- Submission of proposals by 28 November 2025.
- Statutory consultation expected early in 2026.
- Government decision anticipated by summer 2026, followed by a Structural Change Order detailing implementation.
- Formation of a Joint Committee post-decision, leading to a Shadow Authority.
- Elections for the Shadow Authority expected in May 2027, with vesting day for new authorities in April 2028.

Members were invited to put their comments and questions forward.

- A Member raised concerns regarding shared services across two large North and South unitary authorities, particularly in relation to adult and children's care services. In response, the Chief Executive advised Members that the government was aware of concerns in relation to social care disaggregation. Members were assured that in the development of the Council's bid, a Director of Adult and Children's Services had been commissioned to advise the Council and provide the necessary expertise.
- In relation to the Council's reserves, a Member queried whether it was appropriate to reduce taxation by utilising the Council's funds before all of the Council's funds were amalgamated. In response, the Chief Executive confirmed that reserves had already been allocated to major projects and would continue to be allocated regardless of LGR as the Council had a large and successful capital programme of projects.
- A Member further queried whether LGR was expected to assist with the impact of the Internal Drainage Boards. In response, the Chief Executive assured Members that larger authorities were expected to better absorb drainage board costs as part of its budget.
- In relation to the consultation and engagement with the public and stakeholders, a Member queried the scope of the consultation. In response, the Chief Executive advised Members that the consultation would likely be required to include all proposals submitted by each authority in order to prevent future legal challenges.
- A Member raised concerns regarding the reduced Committee Membership and the intentions for best practice. In response, the Chief Executive advised Members that it was recognised that Member numbers would reduce significantly, and that the government was keen

for the reintroduction of neighbourhood committees as an approach to mitigate democratic deficits.

- In relation to Internal Audit being currently provided to the Council by Lincolnshire County Council, a Member queried the impact this would have with disaggregation of the County Council and any future plans for internal audit. In response, the Chief Executive confirmed to Members that continuing to utilise the County Council's internal audit services did not create any conflicts of interest. Members were advised that any existing contracts would novate to the new authority and that the same would apply to contracts that the Council currently held with other organisations. Members were assured that further work would be undertaken over the next six months to examine all matters pertaining to contracts with decisions made on how to move forward.
- A Member sought further clarification on whether there would be no further public engagement following the final decisions made by the government. In response, the Chief Executive advised Members that the government's obligations would be to consult with the police, health, education and statutory partners to enable them to provide feedback instead of consulting with the general public.
- A Member queried the date that the final proposal submitted by the Council would be made public. In response, the Chief Executive confirmed that the supporting documentation and decision would be made public when presented to the Executive Board for its Meeting on Tuesday 25<sup>th</sup> November 2025.
- A Member queried whether the expected number of Councillors would be included in the report presented to the Executive Board. In response, the Chief Executive confirmed that information on the number of Councillors would be included in the proposal and that information on the ward boundaries would be an ongoing piece of work undertaken with the Boundary Commission.
- In reference to shadow authorities, a Member queried whether a situation would occur where East Lindsey District Council existed alongside the shadow authority. In response, the Chief Executive advised Members that for a period of time all three authorities, County, District and the Shadow authority would coexist.
- A Member sought clarification on the election timeline in relation to LGR. In response, the Chief Executive advised Members that the elections for District Councillors were scheduled to take place as ordained in May 2027 and that the government may consider extending the term of current councillors and elect new councillors for the shadow authority at that time.

The Assistant Director, Governance and Monitoring Officer further advised Members that warding arrangements including the number of

councillors would be contained in a structural changes order which would be created when the government reached a decision.

- The Chairman queried the process for debt resolution in merged authorities. In response, the Chief Executive advised Members that all assets and liabilities, including debts would transfer to the new authority with no identity maintained to the previous authority.

No further comments or questions were received.

The Chairman thanked Rob Barlow, Chief Executive for his update.

*N.B Rob Barlow, Chief Executive and Russell Stone, Director of Finance and Section 151 Officer left the Meeting at 11.23am.*

**46. DRAFT AUDITOR'S ANNUAL REPORT FOR EAST LINDSEY DISTRICT COUNCIL - YEAR-ENDED 31 MARCH 2025:**

*N.B This item was brought forward at the discretion of the Chairman.*

James Boyle, External Audit Director, KPMG and Rosie Kelly, Internal Audit Manager, KPMG was in attendance to present Members with the Draft Auditor's Annual Report for East Lindsey District Council - Year-ended 31 March 2025, pages 137 to 162 of the Agenda refer.

Members were advised that the report summarised findings from the 2024/25 audit, focusing on Value for Money (VFM) arrangements and highlighted the following key points:

- No significant weaknesses identified across the three VFM domains:
  - Financial Sustainability
  - Governance
  - Improving Economy, Efficiency and Effectiveness
- A prior-year significant weakness relating to Invest East Lindsey's financial reporting was reviewed and confirmed as resolved for 2024/25.
- The report would be published alongside the signed annual accounts before the local government backstop date of 27 February 2026.

Members were invited to put their comments and questions forward.

- A Member queried the accuracy of the reference in the report to the interim plan submitted by Lincolnshire County Council (LCC) on 10 March 2025 in relation to Local Government Reorganisation (LGR), page 144 of the Agenda refers. In response, the External Audit Director, KPMG advised Members that it was understood that ELDC had contributed to the submission made by LCC. In response, a

Member clarified that East Lindsey District Council, alongside South Holland and Boston, submitted its own proposal for a North/South unitary model, separate from the County Council's plan. In further response, the External Audit Director, KPMG confirmed that he would re-examine the original documentation that the external auditors had been provided with to ensure accuracy of the report.

- A Member queried continuity and the sufficiency of the handover processes during changes in the outgoing and newly appointed Section 151 Officers. In response, the Assistant Director, Governance and Monitoring Officer confirmed to Members that a handover process had successfully occurred between the outgoing, interim, and new permanent Section 151 Officer, including liaison with auditors.
- In reference to the identification of annual related party transaction declaration forms that were not completed and returned for one Councillor and two members of the Senior Leadership Team at the time of preparing the financial statements, a Member queried whether any penalties had applied, page 150 of the Agenda refers. In response, the Assistant Director, Governance and Monitoring Officer advised Members that related party transaction forms were separate from statutory DPI requirements under the Localism Act and that no penalties had applied.
- A Member queried the reasons that a prior-year recommendation on budget monitoring had not been fully implemented, page 152 of the Agenda refers. In response, Ellie Stacey - Head of Finance Delivery - Technical and Corporate (PSPS Limited) explained to Members that the process has since been modernised using CoPilot transcription technology, ensuring audit trails and circulation of action notes.
- A Member highlighted the absence of group consolidated performance for the year ended 31 March 2025 included in the Council's quarterly financial reporting, page 154 of the Agenda refers. In response, Ellie Stacey - Head of Finance Delivery - Technical and Corporate (PSPS Limited) advised Members that the reasons for the absence of group consolidated performance data would be clarified and brought back to the Committee.
- A Member expressed concern about reliance on unaudited Treasury reports. In response, the External Audit Director, KPMG advised Members that while Treasury Reports were not subject to external audit, they provided sufficient assurance for VFM purposes.
- In relation to the repayment arrangements for Invest East Lindsey loans, a Member queried the approach that was taken by external audit. In response, the External Audit Director, KPMG advised Members that the focus was on whether the arrangements in place were sufficient and appropriate. Members were further advised that it

was not KPMG's role to state an opinion on whether the loans would be paid back.

- A Member commented that he was satisfied with the findings and conclusion in relation to Invest East Lindsey, page 156 of the Agenda refers.
- A Member highlighted that a reference to page 23 of the report needed correcting to page 8 and needed further re-examination where it stated that the Council's interim plan was submitted by Lincolnshire County Council, page 159 of the Agenda refers. In response, the External Audit Director, KPMG confirmed that he would action the Committee's comments.
- A Member referred to a recommendation in relation to insufficient controls in place that had not been implemented and sought an update on progress which was noted as being part of the internal audit plan for 2025-26, page 146 of the Agenda refers. In response, the Chairman confirmed that the request would be noted as an Action.
- A Member sought further clarification on the definition of the RAG ratings, in response the Chairman confirmed that it referred to Red, Amber or Green risk ratings.

There were no further comments or questions received.

Following which it was,

RESOLVED:

That the Draft Auditor's Annual Report for East Lindsey District Council - Year-ended 31 March 2025 be noted.

**47. EAST LINDSEY DISTRICT COUNCIL YEAR END REPORT TO THE AUDIT AND GOVERNANCE COMMITTEE FOR THE YEAR ENDED 31 MARCH 2025:**

*N.B This item was brought forward at the discretion of the Chairman.*

James Boyle, External Audit Director, KPMG presented Members with the East Lindsey District Council Year-end report to the Audit and Governance Committee for the year ended 31 March 2025, pages 163 to 218 of the Agenda refer.

The report provided an update on audit progress, significant risks, and findings and highlighted the following key points:

- Audit was substantially complete, and opinion was expected ahead of the statutory deadline
- Significant improvement noted compared to prior year delays

- Audit opinion would remain modified via disclaimer due to lack of assurance over comparative figures in the financial statements
- Risk assessment work would commence post-audit to aim for an unmodified opinion in future years
- Significant risks and findings in relation to Valuation of Land and Buildings, Valuation of Investment Properties, Uncorrected misstatements and control deficiencies identified in the audit plan remained with refinements

Members were invited to put their comments and questions forward.

- In reference to approximately £1m uncorrected audit misstatements, a Member queried the reason that uncorrected misstatements did not affect audit opinion, page 192 of the Agenda refers. In response, the External Audit Director, KPMG explained to Members that the objective of the audit was to identify whether the financial statements were free of material misstatements and that all details of adjustments greater than £125k would be reported.
- In reference to 'Corrected Audit Misstatements in disclosures – No. 2 – Note 30 – Remuneration Report', a Member expressed concern over the salary reporting error where taxable pay had been used instead of gross pay. In response, the External Audit Director, KPMG confirmed that a correction had occurred to rectify the issue.
- In relation to 'Control Deficiencies' a Member queried whether it was common practice for an internal valuer to be used when considering the size of the Council and the Partnership, page 205 of the Agenda refers. In response, the External Audit Director, KPMG advised Members that it was mixed practice across councils to use internal valuers and further highlighted the potential challenges and need for robust audit trail.
- In relation to 'Review of other system reconciliations', a Member queried the reasons for the late Council Tax reconciliation in November 2024, page 209 of the Agenda refers. In response, Ellie Stacey - Head of Finance Delivery - Technical and Corporate (PSPS Limited) attributed the delay to the holiday period and confirmed that reconciliations were now completed within 10 working days.
- In reference to the audit finding for significant audit risks, a Member requested clarification on the "satisfactory" terminology for management override testing, page 165 of the Agenda refers. In response, the External Audit Director, KPMG confirmed that a satisfactory classification referred to no reportable issues, whereas unsatisfactory would impact on audit opinion.
- In reference to 'Key changes to our audit plan', a Member queried the emphasis placed on "significant" risk grading, page 167 of the Agenda refers. In response, the External Audit Director, KPMG explained to

Members the terminology progressing from remote, to base, to elevated and to significant. The External Audit Director, KPMG confirmed to Members that a glossary of terms would be included in future reports.

- In reference to the 'Value For Money (VFM) - Summary of findings', a Member queried the ways in which the outcomes had been graded in terms of significant or no significant risk identified, page 184 of the Agenda refers. In response, the Internal Audit Director, KPMG explained to Members that a risk assessment had been carried out to determine whether arrangements had been sufficient and appropriate, and that follow-up work had supported conclusions where no significant risks had been identified.
- A Member highlighted the need for ongoing monitoring of savings and efficiencies and for future updates to be received by the Committee, page 185 of the Agenda refers. In response, the Assistant Director, Governance and Monitoring Officer explained to Members that the Transformation Board oversaw the efficiency programme and that updates would feed into quarterly reports provided to the Executive Board to highlight where savings had been achieved.
- A Member queried the asset classification of Kingfisher Caravan Park for accounting and audit purposes and the owner-occupier status of the Council, page 193 of the Agenda refers. In response, the External Audit Director, KPMG explained to Members that Kingfisher Caravan Park would continue to be classified as an investment property whereas in line with audit standards it would normally fall under the categorisation of 'other land and buildings.' Members were further advised that challenging the classification was an ongoing process and that consultation had been undertaken with accountants and valuation specialists.
- A Member provided an example where the Council rented a surplus building and queried the differences in definitions between the Council renting buildings and the responsibilities for Kingfisher Caravan Park. In response, the External Audit Director, KPMG explained to Members that Audit Standards and the Code of Audit Practice was open to interpretation and judgement, and that separate standards governed the process of surplus assets and what they were used for. Members were advised that the best approach with Kingfisher Caravan Park was to determine a firm and final judgement which was underpinned by auditing standards. In response, the Chairman confirmed that the request for clarification of the definition would be noted as an Action.
- The Chairman indicated the need for a follow-up on the efficiency programme which was discussed at the meeting held on 10<sup>th</sup> September 2025, Minute No. 29 refers. In response, the Assistant Director, Governance and Monitoring Officer confirmed to Members that the efficiency programme was active and being monitored through

the Transformation Board which was attended by the Section 151 Officer, Assistant Director's and finance colleagues to examine efficiencies and savings targets for the year and to plan for the forthcoming year. Members were further assured Members that information would be provided in the quarterly financial reports presented to the Executive Board which would highlight where savings had been achieved.

There were no further comments or questions received.

The Chairman thanked the External Audit Director, KPMG and the External Audit Manager, KPMG for the report.

Following which it was,

RESOLVED:

That the East Lindsey District Council Year-end report to the Audit and Governance Committee for the year ended 31 March 2025 be noted.

#### **48. FINANCIAL STATEMENTS 2024/25:**

*N.B This item was brought forward at the discretion of the Chairman.*

The Chairman welcomed Ellie Stacey, Head of Finance Delivery - Technical and Corporate (PSPS Limited) to introduce the Audited Financial Statements including the Annual Governance Statement 2024/25, pages 19 to 346 of the Agenda refer.

Members were advised that the audited Financial Statements 2024/25, which included the approved Annual Governance Statement was previously presented to the Committee in draft form on 26<sup>th</sup> June 2025, Minute No 13 and was required to be approved by the Committee prior to publishing on the Council's website, as per the Accounts and Audit Regulations 2015.

Members were invited to put their comments and questions forward.

- In reference to £468,000 understatement of property, plant and equipment and £640,000 presentational difference relating to debtors and creditors that had been aggregated within the group account, a Member queried the reasons that the two issues raised by auditors remained uncorrected and the potential implications for future years, page 220 and 221 of the Agenda refer. In response, the Head of Finance Delivery - Technical and Corporate (PSPS Limited) explained to Members that the unadjusted difference related to estimated car park income for months 9–12 which had been used to meet the 30 June 2025 deadline to avoid delaying the publication by waiting for the actual figures. Members were advised that the approach of using estimations was standard practice and acceptable to auditors.

The Head of Finance Delivery - Technical and Corporate (PSPS Limited) further advised Members that the presentational difference concerned two lines in the cash flow statement and confirmed that the total figure was correct. Members were advised that due to the minor nature and complexity of retrospective adjustments, it was agreed not to amend the figures. Members were assured that there would be no detrimental impact anticipated for future years.

*N.B Russell Stone, Director of Finance and Section 151 Officer returned to the Meeting at 12.01pm.*

- A Member requested clarification on the definition of a presentational difference. In response, the Head of Finance Delivery - Technical and Corporate (PSPS Limited) advised Members that a presentational difference meant that one line was overstated and another understated by the same amount, and that overall, the totals remained accurate.
- In reference to Note 25 – Cash Flow Statement – Operating Activities, the Chairman requested clarification on the impairment and downward revaluations of £14.5m, page 294 of the Agenda refers. In response, the Head of Finance Delivery - Technical and Corporate (PSPS Limited) advised Members that the line referred to the non-cash adjustments reversing revaluation losses and impairments from the comprehensive income and expenditure statement figure to reconcile to the cash position as per the balance sheet.
- A Member queried whether situations occurred where building values had changed and were not attributed to depreciation. In response, the Head of Finance Delivery - Technical and Corporate (PSPS Limited) explained to Members that this occurred as downward revaluations when asset values fell compared to previous balance sheet positions.

Following which it was,

RESOLVED

- That the Audited Financial Statements 2024/25 be approved.
- Authorise the S151 Officer, in consultation with the chairman of the Committee, to approve any amendments if required, after the Committee date and prior to the official signing of the Financial Statements
- That the Letter of Representation be approved and signed by the Director of Finance and Section 151 Officer and be presented to KPMG, External Auditors.

#### **49. COUNTER FRAUD, BRIBERY AND CORRUPTION POLICY:**

Russell Stone, Director of Finance and Section 151 Officer presented Members with the Counter Fraud, Bribery and Corruption Policy, pages 37 to 54 of the Agenda refer.

Members were advised that the policy had been updated in line with best practice guidance and aimed to align approaches across all three councils within the Partnership. The policy had previously been considered by South Holland and Boston Borough Council.

The Director of Finance and Section 151 Officer confirmed to Members that minor amendments were required to correct references to other councils within the document and to clarify that the recommendation was to refer the policy to the Executive Board for approval, rather than approval by the Audit and Governance Committee.

Members were invited to put their comments and questions forward.

- A Member queried the reporting lines for raising concerns between the Chief Executive and other statutory officers such as the Section 151 Officer. In response, the Finance Director and Section 151 Officer advised Members that while the Section 151 Officer reported to the Chief Executive, statutory roles carried independent legal responsibilities and that escalation routes included the Monitoring Officer and external audit and internal audit to ensure the appropriate governance safeguards were in place.
- A Member queried whistleblowing arrangements within the Partnership and whether a separate policy was needed for the Partnership itself. In response, the Finance Director and Section 151 Officer confirmed that each officer remained employed by their respective Council, and issues could be reported through any of the three Council's procedures. The Assistant Director, Governance and Monitoring Officer further clarified that whilst alignment of policies assured consistency, the Partnership was not a legal entity and policies applied at an individual council level.
- A Member requested clarification on confidentiality during investigations and expressed concern about transparency and effectiveness of fraud checks, including whether a dedicated counter-fraud team existed. In response, the Finance Director and Section 151 Officer advised Members that confidentiality was essential to protect investigations and individuals' rights. Members were advised that fraud prevention was a shared responsibility across all staff, supported by internal audit and external arrangements. The Assistant Director, Governance and Monitoring Officer further advised Members that the Council had access to advice and support from a specialist counter-fraud team at Lincolnshire County Council.
- A Member highlighted the need for correction of the wording of the policy in relation to East Lindsey District Council where it currently

referenced South Holland District Council in the roles of the Audit and Governance Committee, page 49 of the Agenda refers.

- A Member referenced the sanctions that the Council could apply and queried whether the wording should be strengthened to state that the Council 'will include legal action, criminal and/or disciplinary action, where appropriate.' In response, the Finance Director and Section 151 Officer advised Members that the strength of the wording used was noted and would be re-examined before the report was presented to the Executive Board.
- Noting that the policy referred to induction training, a Member queried whether refresher training was provided for Councillors and officers, page 49 of the Agenda refers. In response, the Finance Director and Section 151 Officer confirmed to Members that further clarification on refresher training arrangements would be obtained and brought back to the Committee.

Following which it was,

RESOLVED:

That the report be noted and the draft Counter Fraud, Bribery and Corruption Policy be presented to the Executive Board for consideration and approval at its Meeting on 25<sup>th</sup> November 2025.

*N.B Councillor James Knowles left the Meeting at 12.28am.*

## **50. PROPOSED AMENDMENTS TO THE COUNCIL'S CONTRACT PROCEDURE RULES:**

Martin Gibbs, Head of Procurement & Contracts, (PSPS) presented Members with a report that detailed a revised draft set of Contract Procedure Rules, pages 55 to 116 of the Agenda refer.

*N.B Councillor James Knowles returned to the Meeting at 12.30pm.*

Members were advised that the purpose of the amendments was to align the rules with the Procurement Act 2023, which came into effect in February 2025, and to review the procedures as they had last been updated three years ago.

The report outlining proposed amendments to the Council's Contract Procedure Rules included the following:

- Appendix 1A – a clean version of the proposed amendments
- Appendix 1B – a tracked changes version
- Appendix 2 – details of delegations to officers, updated to align with revised thresholds
- Appendix 3 – a summary of key changes

Questions and comments were received as follows:

- The Chairman advised Members that proposed amendments to the Council's contract procedure rules had been discussed at a recent meeting of the Constitutional Working Group.

*N.B Councillor Stef Bristow left the Meeting at 12.36pm.*

- A Member queried the way in which small-scale purchases, also known as 'tail spend' were being monitored and whether they were accounted for in procurement analysis. In response, the Head of Procurement and Contracts, PSPS confirmed to Members that quarterly spend analysis and annual tail spend analysis was undertaken to identify opportunities for aggregated contracts. Members were advised that framework solutions had been explored but were not currently implemented as in-house processes were considered effective.
- A Member requested assurance that procurement frameworks used by the Council were compliant. In response, the Head of Procurement and Contracts, PSPS confirmed to Members that frameworks such as Crown Commercial Services (CCS) were compliant and reviewed on a case-by-case basis. Members were assured that each framework had specific rules for access, and compliance checks were carried out consistently.

Following which it was,

RESOLVED:

That the report be noted and the draft revised Contract Procedure Rules be presented to Full Council for approval at its Meeting on 28 January 2026.

#### **51. QUARTER 2 RISK REPORT 2025/2026:**

Corey Gooch, Business Intelligence and Change Manager presented Members with the Q2 Risk Report 2025/26, pages 117 to 134 of the Agenda refer.

The report included a copy of the Q2 strategic risks, attached at Appendix A and was accompanied by the Partnership Risk Register at Appendix B and Fraud Risk Register at Appendix C, pages 129 to 138 of the Agenda refer.

Members were advised that the Risk Management Framework was based on good practice and had incorporated elements from across the Partnership to ensure consistency. The report was being taken forward to the Executive Board and then to Council for approval.

Members were invited to put their comments and questions forward.

- The Chairman queried risks marked as 'not on target,' specifically those relating to health and safety under the Environment Act, depot capacity, staffing, and funding, page 119 of the Agenda refers. In response, the Business Intelligence and Change Manager confirmed to Members that depot risk was proposed for removal and that further clarification would be sought. The Director of Finance and Section 151 Officer further added that funding constraints underpinned many risks and that specific funding risks related to changes in the government's funding formula.
- In relation to the depot risk, the Assistant Director, Governance and Monitoring Officer confirmed that an agreed delivery model for food collection had been agreed which resolved the strategic risk previously identified.
- The Chairman further queried whether staffing and funding risks were linked. In response, the Business Intelligence and Change Manager advised Members that staffing and funding risks were not directly linked but acknowledged inherent connections, particularly under the risks for Local Government Reorganisation (LGR). Members were further advised that mitigation measures included workforce strategies to support retention and resilience.
- A Member sought clarification on the Environment Act risk scoring, noting differences between the summary and detailed tables, pages 119 and 127 of the Agenda refer. In response, the Business Intelligence and Change Manager explained to Members that the current risk score was High (16), while the target score was Medium (9). The summary indicated the risk was not yet at target, meaning mitigation work was ongoing.

Following which it was,

RESOLVED:

That the Q2 Risk Report - 2025/26 Report be noted.

## **52. ANNUAL GOVERNANCE STATEMENT - ACTION PLAN UPDATE:**

John Medler, Assistant Director, Governance and Monitoring Officer presented Members with the Annual Governance Statement – Action Plan Update, pages 135 to 136 of the Agenda refer.

It was noted that this mid-year update was provided in line with previous recommendations.

A summary of the update was highlighted as follows:

- Action 1: Related to the Section 151 Officer establishing processes around the budget

- Action 2: Concerned the Government's intentions to legislate on several governance matters, including:
  - Enabling remote meetings
  - Introducing proxy voting at council meetings
  - Amending standards arrangements under the Localism Act

The Assistant Director, Governance and Monitoring Officer advised Members that the Government had consulted on the proposals and had recently announced the outcome of the consultation on standards arrangements, confirming its intention to introduce changes subject to parliamentary timetabling. Members were advised that further details were available on the Government's website.

No questions or comments were received.

Following which, it was

RESOLVED:

That the progress of the actions illustrated in the Annual Governance Statement – Action Plan Update be noted.

*N.B Richard Steele, Group Manager for Information Governance and Data Protection Officer joined the Meeting at 12.55pm.*

### **53. 2025/26 MID-TERM TREASURY REPORT:**

Sean Howsam, the Treasury and Investment Manager, PSPS Limited presented Members with the 2025/26 Mid-Term Treasury Report, pages 347 to 368 of the Agenda refer.

Members were advised that the purpose of the report was to provide Members with an update on treasury performance and activity for the first half of the 2025/26 financial year, ensuring compliance with best practice and the CIPFA Code of Practice on Treasury Management.

The report covered the following areas;

- An economic update for the first half of the 2025/26 financial year;
- The outlook for the remainder of the financial year along with interest rate forecasts;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2025/26;
- A review of the Council's borrowing strategy for 2025/26;
- A review of compliance with Treasury and Prudential Limits for 2025/26.

Members were invited to put their comments and questions forward.

- A Member queried the Council's plans for exiting remaining property funds. In response, the Treasury and Investment Manager, PSPS Limited advised Members that the property funds were being monitored closely and that current market conditions made exit difficult due to redemption queues. Members were advised that returns remained around 3.5%, and with expected interest rate reductions, property fund and treasury returns were likely to converge.
- The Chairman asked for an update on the overall performance of the Federated Hermes Fund investment, including dividends and borrowing costs, page 365 of the Agenda refers. In response, the Treasury and Investment Manager, PSPS Limited confirmed that the information would be obtained and brought back to the Committee.

Following which it was,

RESOLVED:

That the report be noted and presented to Full Council for consideration and approval at its Meeting on 28<sup>th</sup> January 2026.

*N.B Samantha Knowles, Chief Finance Officer, PSPS Limited, Martin Gibbs, Procurement and Contracts Manager, Sean Howsam, Treasury and Investment Manager, PSPS Limited and Ellie Stacey, Head of Finance Delivery - Technical and Corporate, PSPS Limited left the Meeting at 12.58pm.*

#### **54. INFORMATION GOVERNANCE ANNUAL UPDATE 2024/25:**

Richard Steele, Group Manager for Information Governance and Data Protection Officer presented Members with the annual update on Information Governance, pages 369 to 376 of the Agenda refer.

Members were informed that the purpose of the report was to provide the Audit and Governance Committee with an update on the Council's activities and compliance in respect of the Data Protection Act 2018, Environmental Information Regulation and Freedom of Information requirements during the period 1 April to 31 March 2025.

Members noted the following key points:

- The Council received 774 information requests, of which 63 were under Environmental Information Regulations.
- 92% of all requests were answered within statutory deadlines, exceeding the ICO's adequate target of 90% throughout the year, and achieving the good target of 95% for four months.
- Exemptions or redactions were applied to 157 requests, primarily for personal data or law enforcement reasons.

- There were eight internal reviews, with seven original decisions upheld and no complaints were referred to the ICO for ELDC.
- 101 data incidents were reported, with only one resulting in an attempted claim.
- 13 subject access requests were processed, with one rejected due to failure to supply proof of identity.
- The Council also handled numerous ad hoc requests from government bodies, HMRC, DWP, and the police, ensuring compliance with legislative requirements.
- No legal or financial liabilities arose from non-compliance, and all risks were managed through operational registers.

The Group Manager for Information Governance and Data Protection Officer concluded that the Council continued to demonstrate transparency and maintain high standards of information governance and statutory compliance.

Members were invited to put their comments and questions forward.

- The Chairman queried whether the sources of requests (e.g., individuals, businesses, journalists) continued to be tracked. In response, the Group Manager for Information Governance and Data Protection Officer confirmed that the information on sources was recorded and could be made available to the Committee on request.

No further comments or questions were received.

The Chairman thanked the Group Manager for Information Governance and Data Protection Officer for his report.

Following which it was,

RESOLVED:

That the Information Governance Annual Update be noted.

*N.B Richard Steele, Group Manager for Information Governance and Data Protection Officer left the Meeting at 1.10pm.*

## **55. COMMITTEE WORK PROGRAMME 2025/26:**

Members were presented with the Audit & Governance Committee Work Programme 2025/26, pages 377 to 380 of the Agenda refer.

Members were invited to put their comments and questions forward.

A Member expressed concern regarding the increasing size of agendas, which were now approaching 400 pages, and queried whether the Committee might wish to consider programming additional meetings in future years to reduce the need for lengthy agendas. In response, the Chairman

acknowledged this as a valid point and confirmed that the suggestion could be brought forward for consideration at the May 2026 meeting.

No questions or comments were received.

Following which it was,

RESOLVED:

That the Committee Work Programme 2025/26 be noted.

**56. DATE OF NEXT MEETING:**

The programmed date for the next Meeting of this Committee was noted as 14 January 2026.

The Chairman reminded Members of the joint meeting with Overview Committee which would focus on the budget and was scheduled to be held on 20 January 2026. Members were further advised that attendance was in person or remote.

The meeting closed at 1.13 pm.