

REVISED AGENDA



- Committee - **GOVERNANCE AND AUDIT COMMITTEE**
- Date & Time - Thursday, 19 March 2026 at 6.30 pm
- Venue - Meeting Room 1, Council Offices, Priory Road,
Spalding

Membership of the Governance and Audit Committee:

Councillors: A C Beal (Chairman), C J T H Brewis, M Geaney (Vice-Chairman),
A Harrison, S Hutchinson, S-A Slade and T Sneath

Independent Co-opted Persons: A Cartwright and G Hall

Quorum 3.

Persons attending the meeting are
requested to turn off mobile telephones

Democratic Services
Council Offices, Priory Road
Spalding, Lincs PE11 2XE

Date: 13 March 2026

AGENDA

1. Apologies for absence.
2. Declaration of Interests -
(Where a member has a Disclosable Pecuniary Interest the Councillor must declare the interest to the meeting and leave the room without participating in any discussion or making a statement on the item, except where a member is permitted to remain as a result of a grant of dispensation).
3. Minutes - (Pages 5 - 20)
To sign as a correct record the minutes of the meeting held on 29 January 2026 (enclosed).
4. Actions - (Pages 21 - 22)
An update on actions that arose at the 29 January 2026 Governance and Audit Committee meeting (enclosed).
5. Indicative External Audit Plan and Strategy for the year end ended 31 March 2026 - (Pages 23 - 60)
To consider the Indicative External Audit Plan and Strategy for the year ending 31 March 2026 (report of the Director - KPMG enclosed).
6. Accounting Policies 2025/26 - (Pages 61 - 82)
To review and agree the Accounting Policies for inclusion in the Financial Statements 2025/26 (report of the Director of Finance (Section 151 Officer) enclosed).
7. Q3 Treasury Report 2025/26 - (Pages 83 - 100)
To provide Members with an update on Treasury Management performance and activity to ensure best practice is maintained (report of the Director of Finance (Section 151 Officer) enclosed).
8. Quarter 3 Risk Report 2025/26 - (Pages 101 - 122)
To provide an update on risk as at the end of December 2025 (report of the Assistant Director – Governance enclosed).
9. Regulation of Investigatory Powers Act (RIPA) 2000 – Annual Update - (Pages 123 - 130)
To advise Members of any RIPA regulatory activity in the last 12 months and any work needed to ensure arrangements across the Partnership remain compliant and provide assurance that our legal obligations are effectively managed (report of the Assistant Director – Regulatory and Senior Responsible Officer (SRO) for RIPA enclosed).
10. Internal Audit Annual Plan 2026/27 - (Pages 131 - 140)
To set out the annual plan of internal audit activity for 2026/27, for the attention, consideration and approval of the committee (report

of the Head of Internal Audit Lincolnshire County Council enclosed).

11. Internal Audit Progress Report - March 2026 - (Pages 141 - 154)
To provide the Committee with a summary of internal audit activity as at March 2026 (report of the Head of Internal Audit – Lincolnshire County Council enclosed).
12. Governance and Audit Committee Work Programme - (Pages 155 - 166)
To set out the Work Programme of the Governance and Audit Committee (report of the Democratic Services Manager enclosed).
13. Any other items which the Chairman decides are urgent. -

NOTE: No other business is permitted unless by reason of special circumstances, which shall be specified in the minutes, the Chairman is of the opinion that the item(s) should be considered as a matter of urgency.

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Minutes of a meeting of the **GOVERNANCE AND AUDIT COMMITTEE** held in the Meeting Room 1, Council Offices, Priory Road, Spalding, on Thursday, 29 January 2026 at 6.30 pm.

PRESENT

M Geaney (Vice-Chairman, in the Chair)

C J T H Brewis

A Harrison
T Sneath

A Cartwright
G Hall

Apologies for absence were received from or on behalf of Councillors A C Beal, S Hutchinson and S-A Slade, and the Assistant Director – Governance (Monitoring Officer).

In Attendance: The Director of Finance (Section 151 Officer), Head of Finance Delivery - Technical and Corporate, the Business Intelligence and Change Manager, the Scrutiny and Policy Officer *virtual*, , the External Audit Manager (KPMG) *virtual*, the Internal Audit Manager (Lincolnshire County Council) and the Democratic Services Team Leader.

38. **DECLARATION OF INTERESTS**

Councillor Brewis declared that he was a Director of PSPS.

39. **MINUTES**

Consideration was given to the minutes of the Governance and Audit meeting held on 13 November 2025.

AGREED:

That the minutes be signed by the Chairman as a correct record.

40. **ACTIONS**

Consideration was given to the responses to actions that arose from the 13 November 2025 Governance and Audit Committee meeting.

AGREED:

That the responses to actions be noted.

41. **EXTERNAL AUDIT YEAR END REPORT 2024/2025**

The external auditor introduced the External Audit Year End

Action By

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Report 2024/25, noting that the report had previously been considered by the Committee in November and that most content was unchanged. Members were advised that new material was highlighted in green, particularly pages 30 to 32 of the report, which explained the statutory backstop and the process for rebuilding assurance. The auditor confirmed that a full audit had been completed for 2024/25; however, assurance could not yet be rebuilt on certain comparative figures affected by previous disclaimers. As a result, a disclaimed audit opinion would be issued, although the auditor emphasised the substantially improved position compared to the prior year and expressed confidence that assurance should be capable of being rebuilt in the 2025/26 audit cycle. Page 40 of the report confirmed that related party testing had now been concluded however a declaration form had not been received from one councillor and from one member of the senior management team who had subsequently left the Council (although alternative procedures had been performed and the results of these were satisfactory).

The report was considered and the following issues raised:

- Members queried whether agreed lines of response were in place to respond to any external questions regarding the 2024/25 disclaimed audit opinion.
 - The Director of Finance (S151) advised that no draft statements had yet been prepared; however, any response would focus on national audit issues, the historic context, and the significant progress made in strengthening the 2024/25 accounts, with work continuing to ensure improvements were maintained into future years.
- Members raised concerns regarding the non-return of Related Party Transactions forms.
 - The Head of Finance Delivery explained that all councillors were contacted at year-end with a March issue date and an April deadline, supported by follow-ups as required. As a result of this finding, guidance would be expanded for 2025/26, and escalation processes strengthened to ensure completion of outstanding forms. In addition to a question from the Independent Co-opted Persons,

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officers advised that any requirement on them to complete a form annually would be clarified.

- Members asked what penalties might apply where an individual refused to complete a Declaration of Interest/Related Party Transaction form.
 - The Director of Finance (S151) noted that options were limited; however, a failure to declare an interest that later resulted in financial gain could constitute a serious matter, and non-completion placed the individual at personal risk.
- Members sought assurance regarding progress on the £32,000 rebuilding-assurance work (detailed within the Fees section) and whether associated fees represented value for money.
 - The external auditor confirmed that a full rebuilding-assurance risk assessment had been undertaken during 2024/25, that worked to rebuild assurance and would feed into 2025/26, resulting in an unmodified audit opinion going forward. With regard to Value for Money and who paid this fee, it was paid by the Council who had received a government grant which contributed to the associated costs. A separate report would be presented in the 2025/26 cycle in terms of the rebuilding assurance work.
- Members asked whether, with regard to the risk around Valuation of Land and Buildings, the absence of floor plans was the main factor affecting valuation accuracy.
 - The Head of Finance Delivery clarified that not all valuations required floor-area measurements; however, discrepancies in the 2024/25 valuation had arisen and were being prioritised. Work with the internal valuer had already corrected identified issues, and further improvements were planned for 2025/26.
- Members raised concerns that delays between officers, valuers and councillors may have contributed to additional audit costs.
 - The Head of Finance Delivery advised that

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management actions were being monitored closely, with significant improvement already achieved compared to previous years. Earlier audit completion for 2024/25 had also created additional capacity to prepare effectively for 2025/26.

- Members queried discrepancies in the number of properties recorded between the valuer and the Council.
 - The Head of Finance Delivery confirmed that the difference resulted from an error in preparing the draft accounts, which had since been corrected.

- Members asked whether a specific list of issues to be resolved ahead of the 2025/26 audit had been established, in order to avoid a disclaimed audit.
 - The Head of Finance Delivery confirmed that this work would be driven by KPMG's information requests and would form a two-way process over the coming months.

- Members requested clarification on whether any known or suspected material misstatements had been identified in the accounts.
 - The external auditor confirmed that the disclaimer stemmed solely from a lack of prior-year audit evidence and that no issues found in 2024/25 would have resulted in a modified opinion.

- Members sought information on what assurance still needed to be rebuilt and why this had not been completed earlier.
 - The external auditor explained that the main outstanding matter related to the split between usable and unusable reserves, with further work required on certain prior-year PPE additions.

- Members queried potential consequences if further disclaimers were issued beyond 2025/26.
 - The external auditor advised that sector-wide discussions were ongoing but emphasised the Council's strong position and proximity to rebuilding assurance.

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- Members asked what changes in systems, controls or data quality had strengthened the assurance position.
 - The external auditor reported significant improvements in financial-statement preparation, audit-evidence quality and valuation processes, with the 2024/25 closing valuation of land and buildings found to be materially correct.

- Members asked how the Council's position compared to the wider sector.
 - The external auditor advised that the Council was in line with sector norms and in a comparatively strong position, having completed the majority of required procedures and faced fewer years of disclaimer than some authorities.

- Members requested an update on the Risk 'Efficiency Programme 2023-24' with an October 2025 status of 'Not Implemented'.
 - The external auditor advised that the most recent update had been obtained shortly before the November committee meeting and that the matter would be followed up as part of the 2025/26 audit.

- Members asked what procedures were viable to mitigate the risk of management override of controls.
 - The external auditor confirmed that this was a presumed risk within all audits and that no additional specific risks had been identified. Standard procedures had been applied.

- Members queried the progress of related-party declarations.
 - The Head of Finance Delivery that a deadline was set, and confirmed that work was underway and that they were confident the process remained on track, with deadlines to be clearly emphasised for 2025/26.

- Members requested an update on the Section 113 management-recharge control process.
 - The Head of Finance Delivery advised that work was ongoing for both the 2025/26 year end and 2026/27

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budget cycles and expected to be completed for year-end.

AGREED:

That the External Audit Year End Report 2024/2025 be noted.

42. DRAFT TREASURY MANAGEMENT POLICY STATEMENT, DRAFT TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2026/27; AND TREASURY MANAGEMENT & INVESTMENT MANAGEMENT (NON-TREASURY) PRINCIPLES AND PRACTICES

The Head of Finance Delivery introduced the Draft Treasury Management Policy Statement, the Draft Treasury Management Strategy Statement, the Minimum Revenue Provision Policy Statement and the Annual Investment Strategy 2026/27, together with the Treasury Management and Investment Management (Non-Treasury) Principles and Practices.

Members were advised that the items represented core elements of the Council's governance framework and formed part of the wider budget setting process.

The Committee was informed that the Treasury Management Policy Statement remained unchanged, while the supporting strategies set out proposed prudential indicators, borrowing requirements, investment priorities and capital financing expectations for the next five years.

The officer summarised key sections of the appendices, including capital expenditure forecasts, the capital financing requirement, borrowing limits, interest rate forecasts, minimum revenue provision methodology and the annual investment strategy. The Committee was invited to comment prior to referral of the documents to Cabinet and Council.

The report was considered and the following issues raised:

- Members asked whether the Council was fully compliant with the Prudential Code, the CIPFA Treasury Management Code and statutory borrowing and investment limits.

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- Officers confirmed that the Council was compliant in all respects.
- Members queried how treasury and non-treasury risks were identified and monitored.
 - The Director of Finance (S151) advised that risk management was fluid, regularly reviewed and supported by layered controls that ensured a robust oversight framework.
- Members sought clarification on counterparty and credit-rating controls, asking how downgrades were managed in practice.
 - The Director of Finance (S151) explained that investments were only placed with approved counterparties; however, if a counterparty was downgraded after an investment had been placed, the Council would manage the position to maturity or withdraw funds promptly where possible, depending on the investment type.
- Members asked whether cashflow forecasts demonstrated sufficient liquidity under both normal and stressed conditions.
 - The Director of Finance (S151) confirmed that cashflow was monitored continuously, with modelling undertaken for stressed scenarios and with borrowing assumptions adjusted according to capital-spending profiles.
- Members sought assurance that all borrowing was supported by business cases, capital-programme requirements and affordability assessments.
 - The Director of Finance (S151) confirmed that all borrowing followed the approved governance framework and affordability tests.
- Members asked about the Council's non-treasury loan exposure, including loans to Welland Homes and South Holland Local Housing Company.
 - The Director of Finance (S151) confirmed that the exposure remained within approved limits and proportionate to resources, with further investment

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to be monitored to avoid over-exposure.

- Members asked whether any breaches of limits or Treasury Management Practices had occurred.
 - The Head of Finance Delivery advised that no breaches had occurred in 2024/25 and that any previous breaches had been reported to Members at the time.

- Members queried whether more than one PSPS officer received credit-rating alerts to avoid reliance on a single individual.
 - The Head of Finance Delivery confirmed that alerts were received by multiple team members.

- Members asked whether iTraxx crossover index rules affected treasury processes.
 - The Head of Finance Delivery confirmed, following advice from MUFG, that the crossover index was not relevant for the Council's treasury operations.

- With regard to the table at 2.4 of Appendix 2, Members sought clarification regarding fluctuations in expected investment balances, particularly reductions in capital-grant reserves.
 - The Head of Finance Delivery explained that these movements reflected the profiling of capital-financing requirements and the planned application of capital grants. The investments did fluctuate.

- With regard to the table at 3.3 of Appendix 2, Members queried whether interest rates were genuinely expected to remain static from December 2026 to March 2029.
 - The Head of Finance Delivery advised that this reflected MUFG's forecast as at 22 December 2025, with updates incorporated as new forecasts were issued.

- With regard to the table at 4.4 of Appendix 2, Members noted discrepancies between 'previously' and 'now' forecast tables and asked for confirmation.
 - The Head of Finance Delivery stated that the

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previously column reflected MUFG data from 11 August 2025, whereas the 'now' column reflected updated forecasts as at 22 December 2025.

- With regard to the table at 5.1.1 of Appendix 2, Members queried significant movements, including large fluctuations in planned expenditure in 2026/27.
 - The Head of Finance Delivery explained that these reflected profiling of specific capital projects, including Levelling Up Fund schemes, HRA investment and general-fund schemes such as the food-waste project.

AGREED:

That the comments of the Governance and Audit Committee in respect of the Treasury Management Policy (Appendix 1), the Treasury Management Strategy Statement, Minimum Revenue Provision Policy and Annual Investment Strategy 2026/27 (Appendix 2), and the Treasury Management & Investment (Non-Treasury) Principles and Practices (Appendix 3) be considered by Cabinet on 17 February 2026, and by Council on 26 February 2026, when the documents are to be considered as part of the budget report.

43. INTERNAL AUDIT PROGRESS REPORT - JANUARY 2026

The Audit Manager introduced the Internal Audit Progress Report for January 2026. Members were informed that since the previous update, several reviews had been completed, including the Capital Budget Monitoring review, the PSPS Contract review, the Leisure Services Procurement review, the Section 106 review and the Health and Safety Actions Implementation Review. Feedback questionnaire completion had now reached 100% following intervention by the Section 151 Officer. Progress against the 2025/26 Audit Plan was reported as 62.5% complete, with several reports finalised and others progressing through fieldwork. The Committee's attention was drawn to minor drafting amendments required within the report, and Members were invited to ask questions.

The report was considered and the following issues raised:

- Members queried whether sufficient resources were in place

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to complete the remaining 37.5% of the Audit Plan by year-end.

- The Audit Manager confirmed that adequate resources were available to deliver the outstanding work.
- Members raised concerns regarding the disappointing lack of feedback responses from Cabinet and portfolio holders referenced within the report.
 - The Audit Manager explained that three questionnaires had been outstanding because the original officer responsible had left the organisation; however, the new Section 151 Officer had since completed these, resulting in a 100% return rate.
- Members asked about the issue of some councillor and board member declarations of interest not having been submitted.
 - The Audit Manager advised that all areas subject to audit provide management actions where required, and that current monitoring showed no outstanding management actions, with all responses received or appropriately progressed.
- Members sought clarification on progress in strengthening internal controls across the partnership, particularly in relation to consistency and accountability.
 - The Audit Manager confirmed that all management actions identified through internal audit had either been completed or were within their expected completion timeframes, with none overdue at the time of reporting.

AGREED:

That the Internal Audit Progress Report be noted.

44. Q2 RISK REPORT 25/26

The Assistant Director – Governance introduced the Quarter 2 Risk Report for 2025/26. Members were advised that overall risk trends were positive, with several risks reducing and none increasing. Updates included proposals to move the external

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communications risk to the operational register, reductions in the capacity and net-zero target risks following recent assurance work, progress on key Housing Revenue Account (HRA) risks, and the addition of new risks relating to the HRA Business Plan and emergency repairs service staffing. Members were invited to raise questions on the report.

The report was considered and the following issues were raised:

- Members queried the rationale for removing the external communications risk from the strategic register.
 - The Business Intelligence and Change Manager explained that this was not a strategic risk unique to the Council but a service delivery matter better managed at an operational level. The risk would therefore be monitored within the operational risk register rather than being removed entirely.
- Members sought clarification on whether updates had been made to the SHDC23 Health and Safety risk since the Quarter 2 extraction date.
 - The Business Intelligence and Change Manager confirmed that the register was a live document and that if audit actions due by the end of Q2 had not been completed, the risk score would change accordingly. The officer undertook to provide the Committee with the updated Quarter 3 position once reviewed.
- Members raised concerns regarding the narrative for the Local Government Reform risk, suggesting it may now be outdated.
 - The Business Intelligence and Change Manager stated that while wording may be refreshed, the risk remained relevant as future requirements were still unclear. It was expected that a standalone Local Government Reform risk register may be required in future.
- Members asked for an update on the new SHDC RA16 Repairs Service Staffing risk, particularly regarding recruitment progress.
 - The Business Intelligence and Change Manager

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noted that the Quarter 2 report pre-dated key recruitment milestones and confirmed that an updated position would be obtained and shared. The high rating reflected the significant health, safety and reputational implications of the service.

- Members sought clarification on whether the Environment Act 2021 risk related specifically to food waste collection and whether delays in vehicle procurement had contributed to the high risk score.
 - The Business Intelligence and Change Manager confirmed that the risk covered the Council's overall readiness to implement the Act, including food waste services, and acknowledged that procurement-related delays were a contributing factor.
- Members requested an explanation of the 'civil contingencies' risk.
 - The Business Intelligence and Change Manager advised that this related to emergencies requiring a coordinated multi-agency response under the Civil Contingencies Act, such as major flooding or significant incidents.
- Members asked whether contingency plans were in place if anticipated government funding relating to SHDC RA14 did not materialise.
 - The Business Intelligence and Change Manager undertook to seek clarification from the service area and provide an update once available.
- Members queried updates to the TRN16 emergency repairs service staffing risk, noting several milestone dates had passed.
 - The Business Intelligence and Change Manager advised that a wider update would be sought and shared with the Committee.
- Members queried whether projected housing growth was being factored into forward planning for future waste collection

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rounds.

- The Business Intelligence and Change Manager confirmed that growth estimates formed part of service planning and around review activity and undertook to provide further detail on the modelling assumptions.
- Members asked whether the financial reporting training for staff, referenced in mitigation FO4 and scheduled for rollout in 2024, had taken place.
 - The Business Intelligence and Change Manager agreed to confirm whether the training had been delivered and to update the risk narrative to reflect either completion or future training plans.

AGREED:

That the quarterly risk monitoring information for Q2 of 2025/26 be noted.

45. WHISTLEBLOWING POLICY

The Scrutiny and Policy Officer introduced the updated Whistleblowing Policy. Members were informed that the policy had been reviewed as part of the partnership-wide alignment of governance documents, with the intention of ensuring consistent procedures for reporting concerns across all partner councils.

The Scrutiny and Policy Officer explained that the policy reflected statutory obligations under the Employment Rights Act 1996 and set out clear protections for workers making protected disclosures. Consultation had taken place with Internal Audit, the Monitoring Officer, Human Resources, the Senior Leadership Team, the Joint Consultative Committee and the Portfolio Holder. Members were advised that approval was sought for the revised policy, with delegated authority to the Monitoring Officer to make minor updates in future.

The report was considered and the following issues were raised:

- Members queried why councillors were not listed within the scope of the Whistleblowing Policy.
 - The Scrutiny and Policy Officer explained that

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councillors were not classed as workers for the purposes of whistleblowing legislation and therefore had alternative avenues for raising concerns. The policy applied specifically to workers, including employees, contractors, consultants and agency staff, whereas complaints about or by councillors would be addressed under separate governance processes and the councillor complaints policy.

- Members asked whether the policy would be formally rolled out to officers and staff or whether it would simply replace the existing policy.
 - The Scrutiny and Policy Officer confirmed that, although the updated policy was similar to the previous version, there would be a coordinated internal communication exercise. This would include working with the Section 151 Officer and Monitoring Officer to refresh staff awareness, highlight where policies could be accessed on the intranet, and ensure all officers were familiar with reporting routes and responsibilities.

AGREED:

- 1) That the Whistleblowing Policy be approved; and
- 2) That the Monitoring Officer be delegated to review and make minor amendments to the Whistleblowing Policy to reflect changes in legislation, statutory guidance or contact details.

46. GOVERNANCE & AUDIT PERSONAL SKILLS AUDIT

The Scrutiny and Policy Officer introduced the report on evaluating the knowledge and skills of Governance and Audit Committee members. It was explained that the skills audit had been agreed as part of the previous year's self-assessment process and aimed to support members in identifying areas for development. Members were advised that the audit would be issued both electronically and in hard copy and that the results would feed into the next self-assessment later in the year. The questions were based on the CIPFA knowledge and skills framework, and the audit was intended to help ensure the Committee collectively possessed the appropriate skills and

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knowledge to discharge its responsibilities.

The report was considered and the following issues were raised:

- Members asked whether the skills audit could be completed in hard copy rather than online.
 - The Scrutiny and Policy Officer confirmed that hard copies would be made available on request and arrangements would be made for completed forms to be scanned and returned for inclusion in the results.
- Members queried whether a similar skills audit could be rolled out more widely to all councillors.
 - The Scrutiny and Policy Officer responded that while this had not originally been considered, the idea had also arisen during a recent skills audit undertaken elsewhere in the partnership. The officer confirmed it was something that could be explored further if members felt it would be beneficial.
- Members sought reassurance about the purpose of the audit, noting that it should be for members' own benefit rather than an assessment of competence.
 - The Scrutiny and Policy Officer confirmed that the audit was intended to support members in identifying areas for further development and training. Members were advised that the audit was not a test, nor would responses be shared widely; names would only be used where necessary to support individual development conversations and would not appear in reported results.

AGREED:

That Committee members complete the Personal Skills Audit.

47. GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

Consideration was given to the report of the Democratic Services Manager which set out the Work Programme of the Governance and Audit Committee.

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The Democratic Services Officer introduced the report and stated that:

- Items scheduled for future meetings were outlined at Appendix 1; and
- A record of completed and planned member training was listed at Appendix 2.

AGREED:

That the Work Programme be noted.

48. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT.

There were none.

(The meeting ended at 8.15 pm)

(End of minutes).

ACTIONS

<u>Actions from the 29 January 2026</u>			
<u>Governance And Audit Committee Meeting</u>			
Minute		Item	Responsible Officer
41. 25/26		External Audit Year End Report 2024/2025	
✓		<p>Members raised concerns regarding the non-return of Related Party Transactions forms. In addition to a question from the Independent Co-opted Persons, officers advised that any requirement on them to complete a form annually would be clarified.</p> <p>Update: An enhanced process will be undertaken for follow up and escalation of the non-return of Related Party Transaction forms for 2025/26. Independent Co-opted Persons will be included in the request for return of the form.</p>	Ellie Stacey with John Medler
44. 25/26		Q2 Risk Report 25/26	
✓	(a)	<p>Members asked whether contingency plans were in place if anticipated government funding relating to SHDC RA14 did not materialise. The Business Intelligence and Change Manager undertook to seek clarification from the service area and provide an update once available.</p> <p>Update: Contingency plans are in place in the form of close budget monitoring, however if critical funding is not achieved then this risk would increase.</p>	Via Corey Gooch
✓	(b)	<p>Members queried updates to the RNS16 emergency repairs service staffing risk, noting several milestone dates had passed. The Business Intelligence and Change Manager advised that a wider update would be sought and shared with the Committee.</p> <p>Update: Review of standby pay rates for operatives being presented to Council 26 Feb 2026 with consultation on terms and conditions to follow. Contracts for new repairs operatives to be amended to make this a mandatory term of contract (2 vacant posts being advertised and will have this written into their contracts).</p>	Via Corey Gooch
✓	(c)	<p>Members queried whether projected housing growth was being factored into forward planning for future waste collection rounds. The Business Intelligence and Change Manager confirmed that growth estimates formed part of service planning and around review activity and undertook to provide further detail on the modelling assumption.</p> <p>Update: Yes this is factored in.</p>	Via Corey Gooch

ACTIONS

✓	(d)	<p>Members asked whether the financial reporting training for staff, referenced in mitigation FO4 and scheduled for rollout in 2024, had taken place. The Business Intelligence and Change Manager agreed to confirm whether the training had been delivered and to update the risk narrative to reflect either completion or future training plans.</p> <p style="color: red;">Update: The training has taken place and risk register will be updated accordingly</p>	Via Corey Gooch
46. 25/26		Governance and Audit Personal Skills Audit	
✓		<p>Members queried whether a similar skills audit could be rolled out more widely to all Councillors. The Scrutiny and Policy Officer responded that while this had not originally been considered, the idea had also arisen during a recent skills audit undertaken elsewhere in the partnership. The officer confirmed it was something that could be explored further if members felt it would be beneficial.</p> <p style="color: red;">Update: Once the skills audit work is complete across all 3 Councils, this will be considered further in conjunction with relevant Officers and Councillors across the Partnership.</p>	Rebecca James

<u>Tracking Of Outstanding Actions</u>			
Minute		Item	Responsible Officer
		No outstanding actions.	

South Holland District Council

Report to the Governance and Audit Committee

Indicative External Audit Plan & Strategy for the year ended 31 March 2026

2 March 2026

Introduction

To the Governance and Audit Committee of South Holland District Council

We are pleased to have the opportunity to meet with you on 19 March 2026 to discuss our audit of the consolidated financial statements of South Holland District Council for the year ended 31 March 2026.

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

This report outlines our indicative risk assessment and planned audit approach.

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

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The engagement team

James Boyle, ACA, is the Engagement Director on the audit. He has approximately 15 years' of audit experience.

James shall lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include Rosie Kelly (Engagement Manager), Carter Burnell and Joe Bugg (Assistant Managers) with 10 years' and 3 years' of experience, respectively.

Yours sincerely,

James Boyle

Director - KPMG LLP

2 March 2026

How we deliver audit quality

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

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

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

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

We aim to complete all audit work no later than 2 days before audit signing. As you are aware, we will not issue our audit opinion until we have completed all relevant procedures, including audit documentation.

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

[Complaints](#).

Overview of planned scope including materiality

Our materiality levels

We determined materiality for the consolidated financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of forecasted expenditure which we consider to be appropriate given the sector in which the entity operates, its ownership and financing structure, and the focus of users.

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

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality

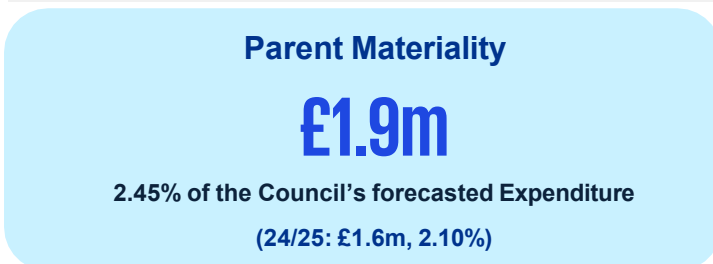
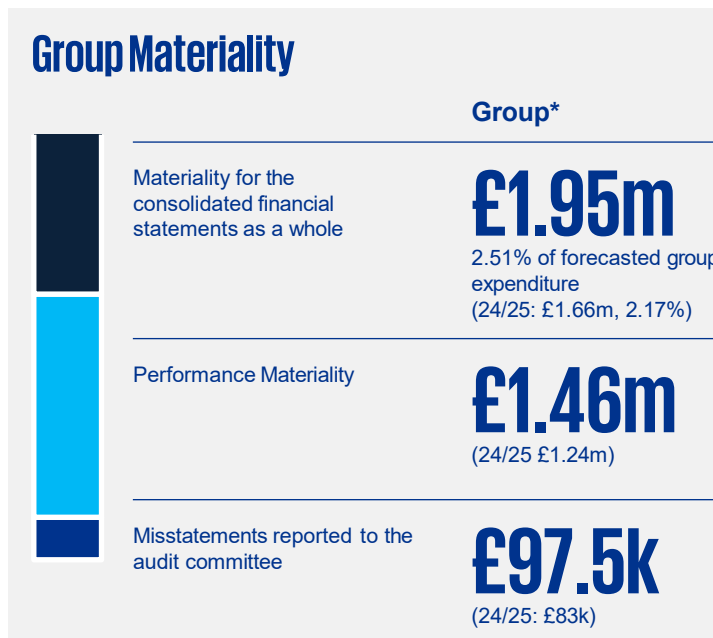
£1.46m, 75% of materiality, driven by our expectations of normal levels of undetected or uncorrected misstatements in the period.

Control environment

The impact of the group control environment on our audit is reflected in our planned audit procedures.

We will report misstatements to the audit committee including:

- Corrected and uncorrected audit misstatements above £97.5k.
- Errors and omissions in disclosure (Corrected and uncorrected) and the effect that they, individually in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.



**To date, we have calculated planned materiality for the Group financial statements based on the forecasted parent expenditure for 2025-26 plus actual figures for other components as at 2024-25. This is because the entity does not currently produce a consolidated forecasted position for the year-ended 31 March 2026*

Overview of planned scope including materiality (cont.)

Timing of our audit and communications

We will maintain communication led by the Engagement Director and Manager throughout the audit. We set out below the form, timing and general content of our planned communications:

- We formally debriefed with management in December 2025 to reflect on the 2024/25 audit, and agreed audit timings for the 2025/26 audit cycle;
- We had a formal kick-off meeting with management in January 2026 where we discussed the indicative nature, scope and timing of our audit procedures;
- We have presented our draft audit plan including Value for Money risk assessment commentary to the Governance and Audit Committee in March 2026;
- We will circulate our final audit plan to the Governance and Audit Committee members; and
- Status meetings with management throughout the year where we communicate progress on the audit, any misstatements, control deficiencies and significant issues.

Using the work of others and areas requiring specialised skill

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

Others	Extent of planned involvement or use of work
Internal Audit	<p>We will review the work of Internal Audit as part of our risk assessment procedures but will not place reliance on their work.</p> <p>We meet with internal audit annually to complete our mandatory inquiries.</p>
KPMG Pensions Centre of Excellence (PCoE)	<p>We plan to use our KPMG Pensions Centre of Excellence to assist us in considering the appropriateness of the key assumptions used in deriving the pension asset and liability balances reported in the financial statements.</p>

Significant risks and other audit risks

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

We also use our regular meetings with senior management to update our understanding and take input from Internal Audit reports.

Our planning and risk assessment procedures are iterative. Therefore, where any changes are identified that impact on our assessment of the significant risks at the entity, we will amend our audit approach accordingly and communicate this to the Governance and Audit Committee.

Value for money

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

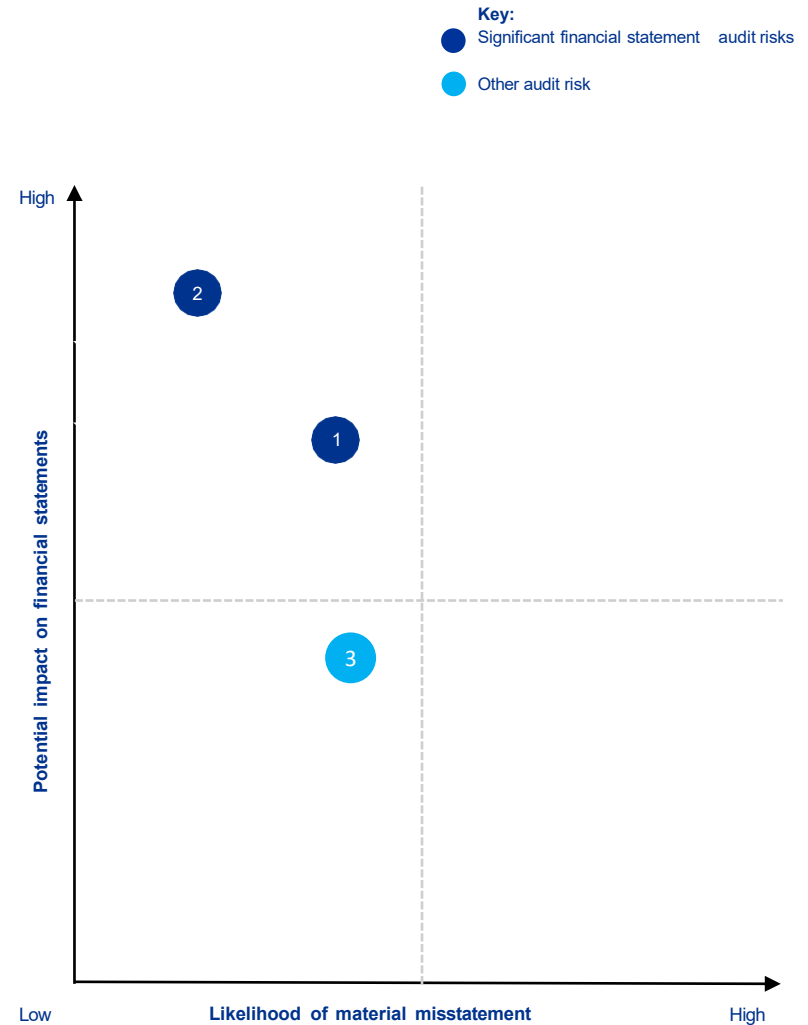
We have outlined the result of our risk assessment procedures from page 15.

Significant risks

1. Valuation of land and buildings
2. Management override of controls

Other audit risk

3. Valuation of post-retirement benefit obligations



Audit risks and our audit approach (cont.)

1

Valuation of land and buildings

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

Change vs prior year 



Significant
audit risk

Page 28

There has been an update to the CIPFA Code of Practice on Local Authority Accounting 2025/26, which requires valuations to be carried out once every five years - or on a five-year rolling basis - supported by indexation in the intervening years. Alternatively, a desktop valuation in year three is required in rare cases where no index is available. This change applies to 'Other Land and Buildings', but does not apply to 'Council Dwellings'.

Other Land and Buildings

Due to the change in the CIPFA Code of Practice for 2025/26, the Council is moving from conducting full revaluations of other land and buildings annually, to a five-year rolling basis, using indexation in intervening years to amend those assets not subject to valuation in year.

The Council undertook a full revaluation of other land and buildings as at 31 March 2025. For the year-ended 31 March 2026, management is planning to implement a five-year rolling basis valuation (valuing approx. 20% of the assets in 2025/26) and indexing the remainder. The assets to be valued will be selected by management, however, the valuations and indexation will be undertaken by the internal valuer.

As at 31 March 2025, the value of the Council's 'Other Land and Buildings' was £28.06m, of which £27.9m were subject to revaluation. Additions purchased in year totalling £0.2m were not subject to valuation.

As this is the first year of the change, there is a significant risk assets may be misstated due to the estimation uncertainty resulting from the selection of inappropriate indices.

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

- We will critically assess the independence, objectivity and expertise of the internal valuer used in developing the valuation of the Council's 'Other Land and Buildings' as at 31 March 2026;
- We will inspect the instructions issued to the valuers for the valuation of relevant land and buildings to verify that they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code;
- We will evaluate the design and implementation of controls in place for management to review the valuation, and the appropriateness of the relevant assumptions used;
- We will challenge the appropriateness of the valuation of relevant land and buildings, including any material movements from the previous revaluations;
- We will challenge the key significant assumptions within the valuation; and
- Disclosures: We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach (cont.)

1 Valuation of land and buildings (cont.)

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

Change vs prior year 



Significant audit risk

The update to the CIPFA Code of Practice on Local Authority Accounting 2025/26 noted on the previous page does not apply to Council Dwellings.

Council Dwellings

For the year-ended 31 March 2026, the Council is utilising an external valuer, Savills to undertake the valuation (MRICS Registered Valuer).

As at 31 March 2025, the value of the Council's dwellings was £257m.

Due to the level of estimation uncertainty associated with relevant key assumptions, specifically the comparable transactions for beacon values used by the valuer, when valuing the relevant elements of the Authority's estate, this creates a risk that the year-end carrying value of these assets differs materially from fair value.

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

- We will critically assess the independence, objectivity and expertise of Savills, the external valuer used in developing the valuation of the Council's Council Dwellings as at 31 March 2026;
- We will inspect the instructions issued to the valuers for the valuation of relevant land and buildings to verify that they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code;
- We will evaluate the design and implementation of controls in place for management to review the valuation, and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation of relevant land and buildings, including any material movements from the previous revaluations;
- We will challenge the key significant assumptions within the valuation; and
- Disclosures: We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation

Audit risks and our audit approach (cont.)

2

Management override of controls(a)

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

Change vs prior year 



Significant audit risk

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

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



Planned response

Our audit methodology incorporates the risk of management override as a default significant risk.

- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluate the selection and application of accounting policies.
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post closing adjustments.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the Council's normal course of business, or are otherwise unusual.
- We will analyse all journals through the year and focus our testing on those with a higher risk, as defined by our high-risk criteria.

Audit risks and our audit approach (cont.)

3

Valuation of post retirement benefit obligations

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

Change vs prior year ↓



Other audit risk

The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates, pension increase rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.

For 2025/256 audit, we have reclassified the LGPS Defined Benefit Obligation (DBO) valuation from a significant risk to an other audit risk. This decision is based on a thorough reassessment of the risk during our planning phase. Our planning work indicates a reduction in estimation uncertainty compared to the previous year, supported by:

- Stability and consistency in the methodology and key assumptions used in the DBO valuation over prior years.
- Results from previous year testing, which revealed no significant exceptions in the DBO valuation.
- Anticipated movements in discount rates and inflation are not expected to be significant, suggesting that DBO experience items will not be material.



Planned response

We will perform the following procedures:

- Understand the processes the Council has in place to review the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Perform inquiries of the actuaries to assess the key assumptions made;
- Evaluate the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenge, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate, pension increase rate and mortality/life expectancy against externally derived data where possible;
- Consider the adequacy of the Council's disclosures in respect of the sensitivity of the deficit/surplus to these assumption;
- Where applicable, assess the level of surplus that should be recognised by the entity; and
- Assess the impact of a new triennial valuation model and/or any special events.

Audit risks and our audit approach

Expenditure – rebuttal of Significant Risk

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.

Having considered the risk factors relevant to the Council and the nature of expenditure within the Council, we have determined that a significant risk relating to expenditure recognition is not required.

Specifically, despite the Council submitting a balanced budget ahead of the financial year, in the Quarter Two Finance Report (six months ended September 2025), the forecasted deficit is £281k.

Given the Council is forecasting a small deficit, we do not consider this to be indicative of a position that would provide an incentive to manipulate expenditure recognition, and the nature of expenditure has not identified any specific opportunities and/or risk factors to facilitate the manipulation of expenditure recognised.

Audit risks and our audit approach

Revenue – Rebuttal of Significant Risk

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

Description of Income	Nature of Income	Rationale for Rebuttal
Council tax	This is the income received from local residents paid in accordance with an annual bill based on the banding of the property concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of properties in the area and the fixed price that is approved annually based on a band D property. Therefore, it is highly unlikely for there to be a material error in the population due to the limited incentive and/or opportunity to manipulate the income.
Business rates	Revenue received from local businesses paid in accordance with an annual demand based on the rateable value of the business concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of businesses in the area and the fixed amount that is approved annually. Therefore, it is highly unlikely for there to be a significant risk of material error in the population due to the limited incentive and/or opportunity to manipulate the income.
Rents - Dwellings	This is the income generated on running the Council's own housing stock.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of properties held and the rent rates of the property. The Council uplifts the rents annually in line with Government guidelines. Therefore, it is highly unlikely for there to be a significant risk of material error in the population due to the limited incentive and/or opportunity to manipulate the income.
Fees and charges	Revenue recognised from receipt of fixed fee services, in line with the fees and charges schedules agreed and approved annually.	The income stream represents high volume, low value sales, with simple recognition. Fees and charges values are agreed annually. We do not deem there to be any incentive or opportunity to manipulate the income.

Audit risks and our audit approach

Revenue – Rebuttal of Significant Risk

Description of Income	Nature of Income	Rationale for Rebuttal
Grant income	Predictable income received primarily from central government, including for housing benefits.	Grant income at a local authority typically involves a small number of high value items and an immaterial residual population. These high value items frequently have simple recognition criteria and can be traced easily to third party documentation, most often from central government source data. There is limited incentive or opportunity to manipulate these figures.
Other Income	This income is made up of various high volume but low value income streams including car parking income, rental income, green waste collection income, planning income etc.	From our initial analysis based on the transaction listing up to month 8 (30/11/2025), most of this income is supported by sales invoice and cash receipt. These streams have simple recognition criteria and can be traced easily to cash receipt. Due to the individual transactions being high volume and low value, we anticipate that it is highly unlikely for there to be a significant risk of material error in the population due to the lack of opportunity to manipulate the income.

Mandatory communications - additional reporting

Going concern

Under NAO guidance, including Practice Note 10 - A local authority's financial statements shall be prepared on a going concern basis; this is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern.






However, financial sustainability is a core area of focus for our Value for Money opinion.

Additional reporting

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

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

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

Mandatory communications

Type	Statements
Management’s responsibilities (and, where appropriate, those charged with governance)	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
Auditor’s responsibilities	<p>Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
Auditor’s responsibilities – Fraud	<p>This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.</p>
Auditor’s responsibilities – Other information	<p>Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.</p>
Independence	<p>Our independence confirmation at pages 34 to 36 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm’s independence and the integrity and objectivity of the audit engagement director and audit staff.</p>

South Holland District Council

Value for money risk assessment

Our approach
Year ended 31 March 2026

Value for money

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

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

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

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

Risk assessment processes

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

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

Reporting

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

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

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

Financial sustainability

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

Governance

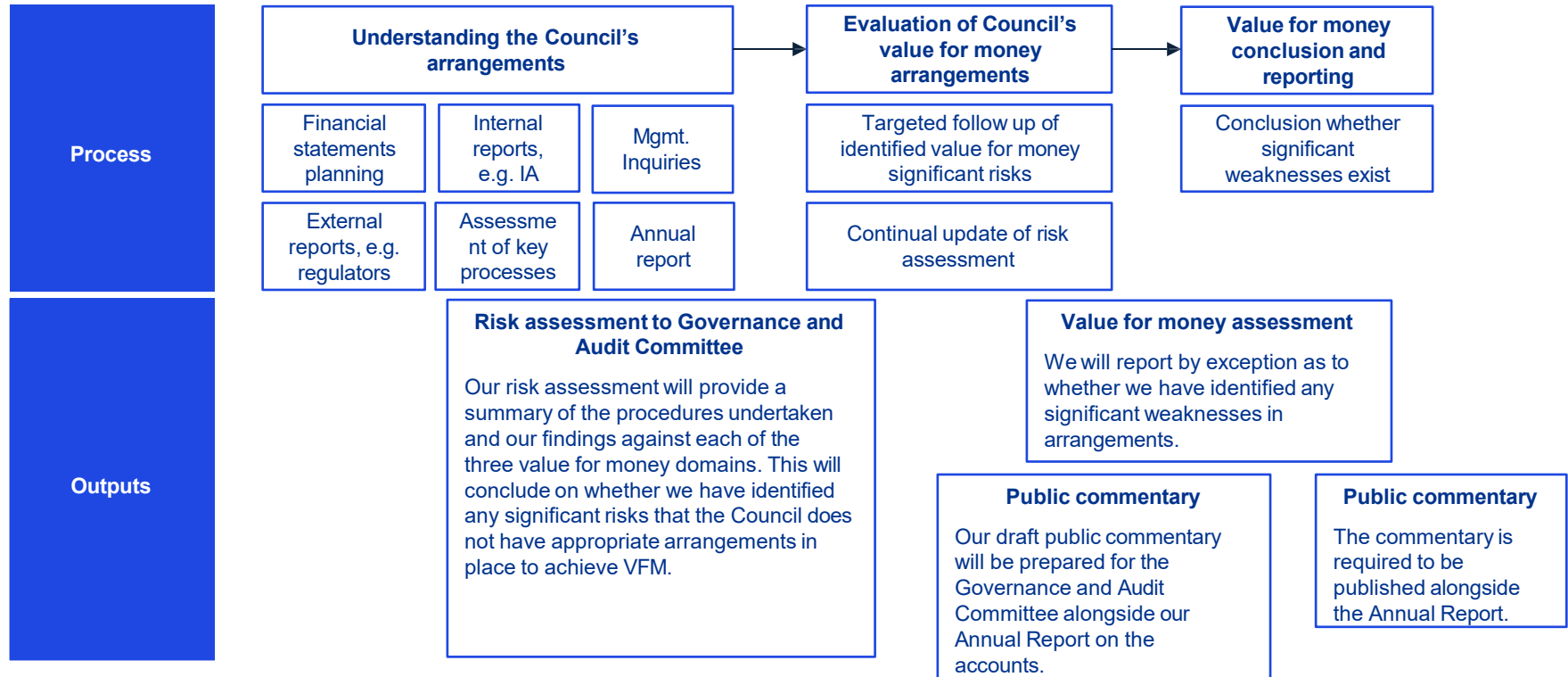
How the body ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness

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

Value for money

Approach we take to completing our work to form and report our conclusion:



Summary of risk assessment

Summary of risk assessment

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

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

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

We have not identified any significant risks that there are not appropriate arrangements in place as part of the procedures we have undertaken. We have provided a summary of the procedures performed and our key findings from these on pages 19 to 29.

Value for money arrangements

Financial sustainability

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

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

Summary of risk assessment

Setting the 2025/26 financial plan

- The Council has a budget for 2025/26 that was approved by the Council on 27 February 2025.
- The budget setting report for 2025/26 comprises a five-year financial strategy. Budget assumptions are clearly outlined within the budget setting report. These assumptions are subject to challenge at the Cabinet before they are presented to Council for final approval. Through our review, nothing has come to our attention which would suggest that the assumptions used were not reasonable and appropriate.
- For 2025/26, the Council has budgeted gross expenditure of £52.7m. The budget sets out how this is planned to be funded, of which £51.5m is planned through various activities such as fees, charges and other income (£34.6m), Council Tax (£6.5m), business rates (£7.1m), grant income (£1.7m), precepts (£1.4m), and Spalding special expenses (£0.2m). This leaves a budget gap of £1.2m, which is an efficiency target that must be found by the Council to deliver a balanced budget at the end of the year.
- The IDB levy continues to be a cost pressure for the Council, with a budgeted cost of £3.5m in 2025/26 (an increase of 2.9% from 2024/25). The Council has estimated increases after 2025/26 at 5% per annum. The Council is liaising with the local Internal Drainage Boards to work towards limiting future increases where possible. To show the additional financial pressure on the Council, the Council splits their efficiency requirement between the IDB Funding Requirement of £0.9m and the Annual Budget Efficiency requirement of £0.3m. Therefore, of the total efficiency requirement noted for 2025/26 in the bullet point above, the IDB pressure makes up 75%.
- Through our document review of the papers presented to the Full Council as part of the budget setting process, we noted that reporting did not include Group figures and, as such, did not include the financial performance of its two wholly owned subsidiaries: South Holland Local Housing Community Interest Company and Welland Homes Ltd or; its jointly owned entity, Public Sector Partnership Services Ltd (PSPSL). Our group scoping for the audit identified Welland Homes Ltd has investment properties that are material to the Group. We have made a low level performance recommendation to management in previous years to enhance finance reporting to include Group figures, however, this recommendation was not accepted and the risk is being tolerated by management. This does not give rise to a significant risk of weakness of the entity's financial sustainability arrangements, and we have not repeated the recommendation.

Value for money arrangements

Financial sustainability

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

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

Housing Revenue Account Financial Plan

- A medium-term financial plan for the Housing Revenue Account (HRA) was approved alongside the budget by the Council on 27 February 2025, which included forecasts up to 2029/30. The Council budgeted a £187k net operating deficit for 2025/26.
- From May 2024, the Council engaged Savill's (an external expert) for their services to produce a HRA Business Plan Review and Capacity Analysis. This included the production of a 30-year business plan model, and a 10-year business plan for the Council's HRA.
- The Council procured MLCS3 to conduct stock condition surveys on all residential dwellings managed by the Council during 2024/25 and 2025/26. Stock condition data from surveys completed within the last 18 months went into modelling the HRA Business Plan and Asset Management Strategy (equating to 75% of the stock). In January 2026, the Council had up-to-date stock condition data on 90% of properties and continues to work towards obtaining 100%.
- The Council's HRA Business plan 2026-2056 was presented to the Cabinet and the Council in January 2026. The paper presented highlights the work performed by Savill's to prepare the business plan has determined that the HRA is sustainable over the 30-year period based on the assumptions regarding future costs, however, notes significant changes in the social housing landscape including rising inflation, increased investment needs, and higher borrowing costs.
- The paper confirms investment is deemed necessary to meet government expectations regarding energy efficiency standards. The paper states, over the life of the plan, the HRA is projected to generate £854.5m of income and will require a total investment from the Council of £235m into the HRA assets. The financial forecasts within the plan start from 2026/27 onwards. In the five years to 2030/31 the capital programme projection within the business plan includes £70.7m of capital expenditure of which £19.5m is to be delivered in 2026/27. Therefore, there is limited impact on the Council's HRA activity in 2025/26.
- However, the development of the plan and the approval process took place within 2025/26. We have confirmed through minute review, the HRA business plan and asset management strategy were also considered by the Joint Performance Monitoring Panel and Policy Development Panel, before being presented to the Cabinet, and before formal approval from the Council in January 2026. Thereby evidencing appropriate oversight of this key decision within the governance structure of the Council.

Value for money arrangements

Financial sustainability

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

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

Developing the 2025/26 efficiency plan

- The efficiency requirement is identified as part of the budget setting process. For 2025/26, this is £1.2m (£0.9m relating to the IDB Funding Requirement and £0.3m relating to the Annual Budget Efficiency requirement).
- In our audit completion reports for the 2023/24 financial year, we reported that for the financial year ended 31 March 2024, that the Council did not have a formal efficiency programme in place and raised a medium-risk performance improvement observation. On conclusion of the audit for the prior year, 2024/25, we followed-up on this performance improvement observation in October 2025 and confirmed this had not been implemented.
- We have observed through attendance at the September 2025 Governance and Audit Committee, the Council had an Internal Audit review scheduled to review the processes and controls in place regarding the 'Identification and Monitoring of Savings'. However, the Internal Auditors found there were insufficient processes in place to review and as such, were unable to establish sufficient first or second-line controls to test.
- We have reviewed the quarterly finance reports presented to Cabinet during the year and found that although there is a table for a total amount of efficiencies that have been found against the total requirement, this is at a very high level.
- Therefore, based on the findings above, we have concluded that this performance improvement recommendation remains as there is not a formal programme in place to effectively identify, RAG rate and/or monitor efficiencies. Not having a formal efficiency programme in place will hinder the Council's ability to effectively make savings, which is of increasing importance as the Council is facing increasing pressure from the IDB levy each year.
- Whilst the Council is forecasting a deficit in 2025/26, it is not material, and as such, the issues identified above do not give risk to significant risk of significant weakness relating to financial sustainability for the year ended 31 March 2026. However, we note this could have an adverse impact on the Council in future years, particularly if recurrent savings are not being effectively identified year-on-year.

Value for money arrangements

Financial sustainability

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

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

Consistency between the financial plan for 2025/26 and workforce and operational plans

- The budget setting report is presented to the Cabinet and the Full Council alongside other key strategies for the entity such as the: Capital Strategy, Treasury Management Policy Statement, Treasury Management Strategy, Minimum Revenue Policy (MRP) and Annual Investment Strategy, Medium Term Financial Plan (5 years) and the Annual Delivery Plan.
- The capital programme is reviewed alongside the budgets to ensure it is consistent with the wider budget setting process. The Council's capital programme for the year included capital spend of £13.4m relating to the HRA and £12.9m in Non-HRA assets. The capital programme was presented to the Cabinet before approval from the Council.
- The Partnership Delivery and Alignment plan for the South and East Lincolnshire Council's partnership is presented alongside the budget to the Full Council.
- These are all developed, challenged and approved at the same time to ensure all the activities of the Council are aligned prior to the start of the financial year.

Assessing and managing financial sustainability risks

- The Council has a Risk Management Framework in place. The Framework has a review period of every 4 years. This was last approved by the Council on 18 January 2024, so is next due for review in January 2028.
- The Council has a Strategic Risk Register, and a risk management report is presented to the Governance and Audit Committee on a quarterly basis. The Council has identified a strategic risk relating to the long-term balancing of the budget and related constraints.
- In the quarter two risk report, the Council's strategic risk of "Council Financial Positions", which includes balancing of the budget in future periods, has a risk score of 16 (High). The risk is at the target risk score which means the Council is 'tolerating' the risk.
- As part of the budget setting process, management include a section for risk and sensitivity which outlines the key risks to the budget and how they will be treated through risk management practices.
- The governance arrangements relating to risk management is detailed on page 24.

Value for money arrangements

Financial sustainability

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

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

Performance for the year to date against the financial plan

- The quarter two finance report was presented to the Cabinet on 16 December 2025. This forecasts a revenue outturn of a £281k deficit for 2025/26, but a £688k surplus on the HRA. Of the £1.2m efficiency target set in the 2025/26 budget, at quarter two, £645k has been identified – £578k of the efficiencies identified relates to the IDB funding announced from the Government in-year.
- As at 30 September 2025, the closing balance for the General Fund Reserve is £7.76m,
- The HRA reserves as at 31 March 2025 was £15.2m. At quarter two, these are forecasted to be £10.5m as at 31 March 2026. This is a net reduction of £4.7m. This is due to planned use of the reserves exceeding the planned contributions into reserves within the HRA General Reserve and Major Repairs Reserve.
- The General Fund Reserve is expected to main stable at £2m for the year ended 31 March 2026, with no planned use of the Reserve expected in year. Other specific reserves are expected to have a net increase of £38k in 2025/26.
- Therefore, we have not identified significant planned use of reserves, or use of the General Fund Reserve to achieve a balanced budget for the year. Therefore, there is no indication of significant risk for financial sustainability for the Council.
- Performance against the capital programme is reported as part of the quarterly finance reports.
- Reporting in year demonstrates that the Council has delivered £5.3m of the HRA Capital Plan against a full year budget of £20.3m. Forecasts show an expected underspend of £3.6m for 2025/26.
- Reporting also demonstrates that the Council has delivered £1.4m of the General Fund Capital Plan against a full year budget of £14.7m. Forecasts show an expected underspend of £161k for 2025/26.

Risk assessment conclusion

We have not identified a significant risk in the Council's arrangements for financial sustainability.

Value for money arrangements

Governance

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

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

Identification, monitoring and management of risk

- The Council has a Risk Management Framework in place. The Framework was approved on 18 January 2024, with a review period of every four years. This has well-documented processes in place to identify, monitor and manage risk. This outlines the Council's overriding attitude to risk: to operate in a culture that is open to all potential options in which all risks are identified, understood and proportionately managed, rather than avoided.
- The Council manages risk at three governance levels: strategic, operational and project management. Each has their own risk management responsibilities as outlined in the Risk Management Framework. A quarterly corporate governance clinic is held with Assistant Directors to review risks. Any changes in risk scores are clearly outlined in the covering risk report that goes to the Governance and Audit Committee during the year.
- The quarterly risk reports also include risk registers for the partnership, HRA and fraud.
- The Council received an adequate assurance rating on a 'Risk Register' review undertaken by Internal Audit during the year. The review identified that strengthening documentation, formalising risk appetite, and improving strategic alignment and oversight would enhance risk management effectiveness.
- Through our attendance at Governance and Audit Committee we are satisfied that there is appropriate oversight and scrutiny of the risk scores and risks.

Controls in place to prevent and detect fraud

- The Council has refreshed the Counter Fraud, Corruption and Bribery Policy. This was presented to the November 2025 Governance and Audit Committee.
- The Council has refreshed their Whistleblowing Policy. This was presented to the January 2026 Governance and Audit Committee.

Related parties

- Our inquiries with management identified that the maintenance of the Register of Interests occurs annually as part of the year-end financial reporting process. We will perform a walkthrough of this process as part of the year-end audit process in July 2026.

Value for money arrangements

Governance

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

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

Internal audit

- The Council engages Lincolnshire County Council as their Internal Auditors. They are independent to the Council and provide assurance over the Council's internal controls, including core financial controls. The Head of Internal Audit (HoIA) opinion 2024-25 was 'Adequate'.
- The Council receives a Counter Fraud First quarterly report. This is prepared by the Counter Fraud Team at Lincolnshire County Council. This includes updates on the number of whistleblowing and confidential reports received and updates on emerging risks. We will review a sample of these as part of the year-end audit process in July 2026.
- In the January 2026 Internal Audit progress report, the Council has received seven adequate assurance ratings. One review relating to the 'Identification and Monitoring of Savings' was unable to be completed because there was insufficient controls to test, which we have considered on page 21. There have been no 'Limited Assurance' reports issued during the year to date.

Review and approval of the 2025/26 financial plan

- See pages 19 and 20 for the detail on the setting and approving the 2025/26 financial plan. We have confirmed that this has had sufficient scrutiny throughout the governance structure ahead of the financial year.

Monitoring compliance with laws and regulations

- The Council has a legal service which is responsible for regularly reviewing regulatory change. Service areas are also responsible for being aware of new regulatory changes in their area and these are communicated for implementation as appropriate.
- An example of this is the identification of the HRA risk for the Council's readiness for Awaab's Law, This was rated as 'High Risk' in the quarter one and two risk report. The Cabinet received a report in July and September 2025 on the Council's preparedness to deliver the Social Housing (Prescribed Requirements) Regulation 2025 (Awaab's Law).
- Furthermore, all papers in relation to key decisions such as plans, proposals and procurements for senior officer groups or member committees are required to consider the implications of constitutional and legal, corporate priorities, reputation, equality/human rights/safeguarding and environmental legislation as standard. We have seen this pro-forma is used consistently as part of our minute review of the Governance and Audit Committee, Cabinet and Council.

Value for money arrangements

Governance

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

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

- On 30th July 2025, the Regulator of Social Housing (RSH) published a formal regulatory judgement following a programmed inspection of South Holland District Council's Housing Landlord Service. This was the first ever grading received by the Council from RSH. They were awarded regulatory judgement of C2. Which is the second highest consumer grades out of four. This reflects that there are some weaknesses in the landlord delivering the outcomes of the Consumer Standards and improvement is needed. The Cabinet received a report in September 2025 from the Assistant Director of Housing, which covered the details of the inspection, and the weaknesses identified – it was noted in this meeting that the forthcoming service improvement plan and progress on key actions will be reported to Cabinet at the next Housing Transformation Update. We confirmed this was presented to the Cabinet in November 2025. As the RSH findings did not highlight any significant weaknesses or non-compliance with laws and regulations, we have not identified a significant risk for the purpose of our consideration over the Council's governance arrangements. The evidence shows the Council have reported the findings within their governance structure, made an improvement plan, and have committed to provide quarterly updates to Cabinet on this area.. Therefore, we are satisfied the governance arrangements in relation to this inspection are appropriate.

Monitoring officer compliance with expected standards of behaviour

- All Councillors are bound by the Constitution which is derived from statute and decisions of the Council. All Councillors are required to agree to the Constitution and the Monitoring Officer, as the delegated official, is responsible for overseeing training, awareness and complaints surrounding the Code of Conduct.
- The Council's Code of Conduct communicates values and expected behaviours of staff. This is communicated to staff as part of the recruitment process and is available on the staff intranet. This also covers requirements with regards to gifts and hospitality and conflicts of interests.
- The Council has a Whistleblowing Policy in place to raise concerns of behaviour that do not meet the Code of Conduct. This sets out the actions the Council will take in the event of a whistleblowing incident. This was refreshed part-way through the year and was presented to the Governance and Audit Committee in January 2026.
- The Council's Gifts and Hospitality Policy for members is included within the Constitution. The Council's Gifts and Hospitality Policy for employees is included within the Employee Code of Conduct.

Value for money arrangements

Governance

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

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

Ensuring decisions receive appropriate scrutiny

- Key decision making is subject to discussion and scrutiny at Cabinet level and relevant sub-committees, followed by formal approval by the Council. All key decision records are available to view on the Council's website (unless restricted due to sensitive nature).
- We performed a search on the Council's website of all key decisions that had been made within the 2025/26 financial year up to 31 January 2026. We sampled three of these key decisions to assess whether the key decisions achieved appropriate scrutiny and the Council's approval process was appropriately followed. We did not identify any exceptions.

Risk assessment conclusion

We have not identified a significant risk in the Council's arrangements for governance.

Value for money arrangements

Improving economy, efficiency and effectiveness

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

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

Assessing the level of VFM being achieved and improvement opportunities

- The Council undertakes a programme of service reviews to identify improvement opportunities on a cost and performance basis.
- We will sample a list of service reviews that have been planned for 2025/26. For a sample of service reviews that were completed in 2024/25, we will check whether actions identified from the reviews are being implemented.

Development of efficiency plans and how implementation is monitored

- Detail on the Council's efficiency plans and how these are monitored are detailed on page 21.

Performance of services

- The Council has a Performance and Governance Framework in place. Quarterly monitoring reports are presented to Cabinet. The report is a standard template that is updated each quarter and includes KPIs with commentary to support performance and ratings based on the achievement of targets (red/amber/green). The report also includes risks with scores and any changes since the last report within the appendices. The KPIs are reported under relevant categories, for example Healthy Lives, Environment, Efficiency and Effectiveness.

Engagement with other stakeholders and wider partners

- The Council works closely with other organisations locally to support delivering economy, efficiency and effectiveness, namely with Boston Borough Council and East Lindsey District Council as part of the SELCP. Most notably, the Councils are working together to produce service reviews on different areas to focus on streamlining the processes across the three Councils. The aim is to achieve recurring, long-term efficiency gains and create a platform to meet future demands and opportunities within the service areas. We are satisfied from the sample of completed service reviews in year there is evidence of long-term considerations of the Council's resilience and flexibility across key functions.

Performance of partnerships

- The Council's largest partnership is the South & East Lincolnshire Partnership. The Council has an annual delivery plan that is monitored by the Joint Strategy Board to support the Partnership in delivering on its priorities, as well as sovereign Council ambitions.

Value for money arrangements

Improving economy, efficiency and effectiveness

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

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

Engagement with partners in development of the organisation and system wide plans and arrangements

Local Government Reorganisation

- On 11 November 2024, the Council approved a proposal to establish a District Joint Committee for the purposes of devolution and participation of non-constituent local authorities at the Greater Lincolnshire Combined County Authority. The purpose of the Joint Committee is to establish a collaborative platform for coordination among the non-constituent authorities and be a mechanism through which their interests are represented on the Greater Lincolnshire Mayoral Combined County Authority. The Joint Committee has a Terms of Reference and Standing Orders that were approved at the same Council meeting.
- The Council submitted a proposal on 28 November 2025 in response to Local Government Reorganisation. This is called 'A Greater Lincolnshire for All' and is a joint proposal from Boston Borough Council, East Lindsey Council and South Holland Council. This is available to view on the Council's website. However, this does not impact on the Council's arrangements for the 2025/26 period.

Public Sector Partnerships Ltd (PSPSL)

- The Council outsources their finance function to PSPS, a local authority trading company owned by the three Council's in the SELCP.
- An independent review of the finance service delivery arrangements provided by PSPS for the delivery to the three Councils comprising the South & East Lincolnshire Partnership was prepared by CIPFA in October 2023, commissioned by PSPS. There was a focus on the lack of any formal Service Level Agreement (SLA) in place to outline responsibilities, with a recommendation made for one to be drafted and put in place. We confirmed there was an SLA in place for 2024/25. However, for 2025/26, an updated SLA was not agreed between PSPS and the Council, mainly due to the turnover of the s151 officer during the year. Management confirmed the 2024/25 SLA remained in place and an updated version was being agreed for 2026/27. Therefore, we do not consider this to constitute a significant risk of weakness in arrangements.
- Within the Internal Audit plan for 2025/26, there is a review planned for PSPS contract management, with potential scope to consider that agreed services are delivered and performance managed. As at January 2026, this review had not yet been completed. We will review the report once it is finalised. However, this provides assurance management are consistently reviewing the performance of their finance function.

Appendix

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Audit team and rotation

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

	<p>James Boyle is the Director responsible for our audit. He will lead our audit work, attend the Audit and Governance Committee and be responsible for the opinions that we issue.</p>		<p>Rosie Kelly is the Manager responsible for our audit. She will co-ordinate our audit work, attend the Audit and Governance Committee and ensure we are co-ordinated across our accounts and Value for Money work.</p>		<p>Carter Burnell and Joe Bugg are the in-charge's responsible for our audit. They will be responsible for our on-site fieldwork. They will complete work on more complex sections of the audit.</p>	
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To comply with professional standard we need to ensure that you appropriately rotate your external audit partner. There are no other members of your team which we will need to consider this requirement for:



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

Audit cycle & timetable

Our schedule 2025- 2026

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

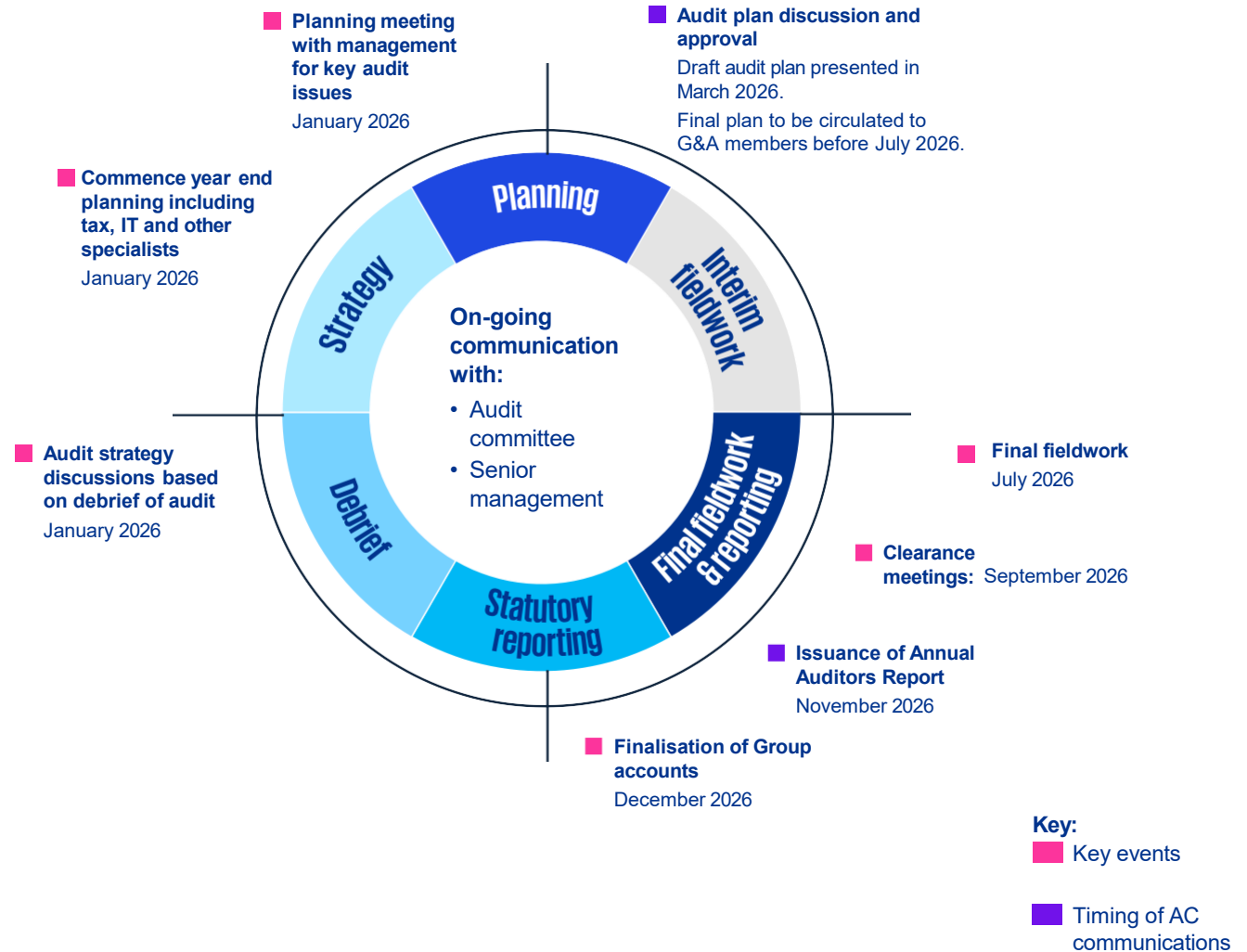
The Government has set a statutory backstop date for the 2025-26 audit of 31 January 2027. This is the deadline for the Council to publish audited financial statements, and the audit opinion.

We have agreed with management an audit cycle and timetable that reflects our aim to sign our audit report by December 2026.

This is our third year as auditor. We have held a formal debrief with management on the audit process, and improvements that can be made in 2025/26.

If this schedule changes, we will report this to the Governance and Audit Committee when we attend the relevant meetings.

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Fees

Audit fee

Our fees for the year ended 31 March 2026 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2025/26 (£'000)	2024/25 (£'000)
Statutory audit	158.9	154
Fee variations agreed with management	-	21
Fee variations for building back assurance	-	32
TOTAL	158.9	207

The fees also assume no significant risks are identified as part of the Value for Money risk assessment. Additional fees in relation to these areas will be subject to the fees variation process as outlined by the PSAA.

Billing arrangements

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

Basis of fee information

Our fees are subject to the following assumptions:

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

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

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

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

Confirmation of Independence

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

To the Governance and Audit Committee members

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

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

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

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

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity except for those detailed below where additional safeguards are in place

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

Summary of non-audit services

We have considered the fees charged by us to the Authority for professional services provided by us during the reporting period.

Fee ratio

The maximum ratio of non-audit fees to audit fees for the year is anticipated to be 0.21:1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2025/26
	£'000
Statutory audit	158.9
Other Assurance Services	42.7*
Total Fees	201.6

* Estimated costs based on 2024/25 actuals

Confirmation of Independence (cont.)

Disclosure	Description of scope of services	Principal threats to Independence	Safeguards Applied	Basis of fee	Value of Services Delivered in the year ended 31 March 2025 £'000	Value of Services Committed but not yet delivered in the year ended 31 March 2026 £'000
1	Housing benefit grant certification	Management Self review Self interest	<ul style="list-style-type: none"> Standard language on non-assumption of management responsibilities is included in our engagement letter. The engagement contract makes clear that we will not perform any management functions. The work is performed after the audit is completed and the work is not relied on within the audit file. Our work does not involve judgement and are statements of fact based on agreed upon procedures. 	Fixed & Time	35.4	0
2	Pooling for housing capital receipts return	Management Self review Self interest	<ul style="list-style-type: none"> Standard language on non-assumption of management responsibilities is included in our engagement letter. The engagement contract makes clear that we will not perform any management functions. The work is performed after the audit is completed and the work is not relied on within the audit file. Our work does not involve judgement and are statements of fact based on agreed upon procedures. 	Fixed & Time	7.3	<i>Rolling contract however the fee has not yet been agreed for FY26.</i>

Confirmation of Independence (cont.)

Summary of fees

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

Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0.21: 1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2025/26
	£'000
Statutory audit	158.9
Other Assurance Services	42.7*
Total Fees	201.6

* Estimated costs based on 2024-25 actuals

Independence and objectivity considerations relating to other matters

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

Confirmation of audit independence

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

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

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

Yours faithfully

KPMG LLP



kpmg.com/uk

Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.

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Report To:	Governance and Audit Committee
Date:	Thursday, 19 March 2026
Subject:	Accounting Policies 2025/26
Purpose:	To review and agree the Accounting Policies for inclusion in the Financial Statements 2025/26
Key Decision:	N/A
Portfolio Holder:	Councillor Paul Redgate, Portfolio Holder for Finance
Report Of:	Russell Stone, Director of Finance (S151)
Report Author:	Ellie Stacey, Head of Finance Delivery - Technical and Corporate (PSPS Ltd)
Ward(s) Affected:	None
Exempt Report:	No

Summary

The Accounting Policies form Note 1 within the Financial Statements, and are the specific principles, bases, conventions, rules, and practices applied by an authority in preparing and presenting Financial Statements. Application of these Accounting Policies results in information that is relevant to the decision making needs of the users of the Financial Statements, and reliable in presenting a true and fair view of the financial position of the authority.

Recommendations

The Governance and Audit Committee consider and agree the Accounting Policies for 2025/26 at appendix 1.

Reasons for Recommendations

It is good practice for the Committee to consider and agree the Accounting Policies in advance of the production and approval of the draft accounts.

Other Options Considered

The Governance and Audit Committee review and make changes before agreeing the Accounting Policies for 2025/26 at appendix 1.

1. Background

- 1.1. Within the Financial Statements, the Council discloses the Accounting Policies it has applied to all material balances and transactions. Unless there are major changes to accounting rules and regulations, Accounting Policies do not change significantly between years, which enables the Financial Statements to be comparable from one year to the next.
- 1.2. This report presents the proposed Accounting Policies to be adopted for the 2025/26 financial year. The policies are prepared in line with CIPFA's Code of Practice on Local Authority Accounting 2025/26 (the Code).
- 1.3. It is good practice to consider and agree the Accounting Policies in advance of the production and approval of the draft accounts, so this report forms an annual review by the Governance and Audit Committee.

2. Report

- 2.1 There has been one substantial change within the Code of Practice in 2025/26, regarding the valuation of property, plant and equipment. Where assets are revalued, the Code no longer permits a full revaluation on an annual basis. The Council has therefore opted to undertake revaluations on a five year rolling programme, with annual indexation applied to assets during the four intervening years. The alternative option permitted is to revalue assets once every five years with annual indexation in the intervening years. Council dwellings will continue to be revalued on an annual basis, as permitted by the Code.
- 2.2 The updated Accounting Policy for property, plant and equipment is included within appendix 1, paragraph 19. All amendments are shown in red text for ease of identification.
- 2.3 We are currently awaiting the release of the template Accounting Policies and disclosure notes from our external treasury advisors. Once received, these will be reviewed against the draft Accounting Policies, and any required adjustments will be made.
- 2.4 The statutory deadline for completion of the 2025/26 unaudited Financial Statements is 30 June 2026, and they will be presented to the Governance and Audit Committee when complete. The Accounting Policies will be included within the Statements, and

any minor changes made during the Statements production process will be agreed with the S151 Officer and highlighted to the Committee.

3. Conclusion

3.1. The Accounting Policies remain unchanged except for the amended requirements for the valuation of property, plant and equipment.

Implications

South and East Lincolnshire Councils Partnership

By agreeing these policies early it assists with the prompt closure timetable that local authorities work to.

Corporate Priorities

None.

Staffing

None.

Workforce Capacity Implications

None.

Constitutional and Legal Implications

None.

Data Protection

None.

Financial

The Accounting Policies at Appendix 1 underpin the Council's Financial Statements in line with the Code.

Risk Management

None.

Stakeholder / Consultation / Timescales

No formal consultation has been undertaken, but the Committee has the opportunity to review the Accounting Policies and propose amendments prior to the publication of the unaudited Financial Statements.

Reputation

None.

Contracts

None.

Crime and Disorder

None.

Equality and Diversity / Human Rights / Safeguarding

None.

Health and Wellbeing

None.

Climate Change and Environment Impact Assessment

None.

Acronyms

CIPFA – Chartered Institute of Public Finance and Accountancy.

Appendices

Appendices are listed below and attached to the back of the report:

Appendix 1 Financial Statements 2025/26 – Accounting Policies

Background Papers

Background papers used in the production of this report are listed below: -

Document title	Where the document can be viewed
Appendix 1	Financial Statements 2025/26 – Accounting Policies

Chronological History of this Report

None.

Report Approval

Report author: Ellie Stacey, Head of Finance Delivery - Technical and Corporate (PSPS Ltd)

Signed off by: Ellie.Stacey@pspsl.co.uk
Russell Stone, Director of Finance (S151)
Russell.Stone@sholland.gov.uk

Appendix 1

NOTE 1 – ACCOUNTING POLICIES

1. General Principles

The Financial Statements summarise the Council's transactions for the 2025/26 financial year and its position at the year end of 31 March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Financial Statements is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are not carried as inventories on the Balance Sheet due to their immateriality.
- Expenses in relation to services received, including services provided by employees, are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount, where considered material, is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions,

other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

6. Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Business Improvement Districts

In February 2025, a business improvement district (BID) scheme was set up across parts of the authority. The scheme was funded by a BID levy paid by non-domestic ratepayers. The authority acted as a billing authority under the scheme, and the income collected was passed

to Spalding Business Improvement District. No income or expenditure relating to the BID is included in the Council's accounts.

7. Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements, or any form of leave e.g., time off in lieu, earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance and Housing Revenue Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Lincolnshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Lincolnshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of x.xx% (5.80% in 2024/25), based on the indicative rate of return on high quality corporate bonds.
- The assets of the Lincolnshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price

- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

The change in the net pension liability is analysed into the following components:

Service Cost comprising:

- **current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- **past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement
- **net interest on the net defined benefit liability**, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- **the return on plan assets** – excluding amounts included in the net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- **actuarial gains and losses** – changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- **contributions paid to the Lincolnshire County Council pension fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.
- **changes in effect of asset ceiling** – an increase in the pension liabilities recognised by the Council to reflect the current commitment to pay employer's contributions, to recover a deficit in the Pension Fund that has been assessed as greater than the net pensions liability established under Accounting Code requirements.

In relation to retirement benefits, statutory provisions require the General Fund Balance and Housing Revenue Account Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and Housing Revenue Account of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

8. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Financial Statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Financial Statements are adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Financial Statements are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Financial Statements.

9. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the long term borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus accrued interest; and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

The Council has provided a guarantee in relation to the liabilities of Public Sector Partnership Services, based on 28% of any outstanding liabilities, in the event the Company should cease trading.

Financial Assets

Financial Assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e., where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the

Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost, or where relevant FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Council has issued five loans to its subsidiary, Welland Homes Limited, and has assessed lifetime expected losses for these loans on a collective basis. The Council relies on past due information and calculates losses based on lifetime credit losses for all loans more than 30 days past due.

Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services.

For Financial Assets measured at Fair Value through Profit and Loss, monthly dividend/distribution income receivable is credited to the Financial and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognised in other comprehensive expenditure and taken to the financial instruments' revaluation reserve, except for impairment gains or losses until the financial asset is derecognised or reclassified.

Where financial assets are measured at FVPL or FVOCI, the fair value measurements are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

10. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance and Housing Revenue Account Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

11. Heritage Assets

The extent of the Council's holdings of heritage assets is limited. Heritage assets are held to help increase the knowledge, understanding and appreciation of the Council's history and local area. Heritage assets are recognised and measured, including the treatment of revaluation gains and losses, in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Council's heritage assets fall into two categories; Civic Regalia and Works of Art, and Archaeological Sites, Smallholdings and other Land and Sites of Special Interest and are accounted for as follows:

Civic Regalia and Works of Art:

- Civic regalia and Tulip paintings – insurance value; valued by an external valuer

Archaeological Sites, Smallholdings and other Land and Sites of Special Interest:

- Chain Bridge Forge (formerly Blacksmith's shop) – current use; valued by the internal valuer

- Nature reserve – Historic Cost

Heritage assets not recognised on the Council's Balance Sheet:

- Community Beacon, Gas Wharf, Pill box, HMS Hornet bell and model of HMS Taku submarine – not included on the Balance Sheet as the cost of obtaining valuations outweighs the benefit to the users of the statements.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g., where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see item 19 in this summary of significant accounting policies. Depreciation is not charged as the assets are deemed to be held in perpetuity. Should any heritage assets be disposed of the proceeds are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment.

12. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events e.g., software licences, is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are measured initially at cost and are carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. Amortisation is calculated on the following basis:

- Computer software and licences – straight line basis

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, the amortisation charge is not permitted to have an impact on the General Fund Balance or Housing Revenue Account Balance. It is therefore reversed out of the General Fund Balance and Housing Revenue Account Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

13. Interest in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries and associates and require it to prepare group accounts. In the Council's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost. The Group Accounts included with the financial statements incorporate South Holland Local Housing Community Interest Company, Welland Homes Ltd and Public Sector Partnership Services Ltd.

14. Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

15. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market

participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Assets are transferred into or out of the Investment Property class only when there is evidence of a change of use.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

16. Leases

The authority as a lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights to both obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- Amounts expected to be payable under a residual value guarantee
- The exercise price under a purchase option that the authority is reasonably certain to exercise
- Lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- Penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The authority as lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the deferred capital receipts reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

The Council has no finance lease commitments as at 31 March 2026.

Operating leases

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

17. Material Items of Income or Expense

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

18. Overheads and Support Services

Following revisions to the Accounting Code, the cost of overheads and support services are not charged to service segments, within the Financial Statements, in accordance with the Council's arrangements for accountability and financial performance. However, they are apportioned to comply with the requirements of various government returns.

19. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an assets potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising;

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income and expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the capital adjustment account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure assets, community assets and assets under construction – depreciated historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

From 1 April 2025, the Code of Practice on Local Authority Accounting (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years,

with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation, with a desktop revaluation in year three.

The authority has adopted a 5 year rolling programme in 2025/26, with annual indexation applied to assets during the four intervening years. Council dwellings will continue to be revalued on an annual basis.

~~Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years.~~ Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight line allocation over the life of the property as estimated by the valuer
- Vehicles, plant and equipment – straight line allocation over the life of the asset, as advised by a suitably qualified officer
- Infrastructure – straight line allocation.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Materiality levels have been assessed and a materiality level of £0.5m for major components has been applied. Council dwellings are separated into their principal components, which are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet, whether Property, Plant and Equipment or assets held for sale, is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the Government. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund Balance and Housing Revenue Account Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax or housing rents, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance and Housing Revenue Account Balance in the Movement in Reserves Statement.

Infrastructure Assets

Infrastructure assets include sewage treatment works and street furniture.

Recognition

Expenditure on the acquisition or replacement of components of these assets is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

Measurement

Infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Annual depreciation is provided on these assets over their useful lives on a straight-line basis, as follows:

- Street lighting – 10 years
- Sewage treatment works – 10-19 years

Disposals and derecognition

When an infrastructure asset is disposed of, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

20. Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties, and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's Financial Statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

21. Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required, or a lower settlement than anticipated is made, the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

22. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

23. Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

24. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingences. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement, and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

25. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

26. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

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Report To:	Governance and Audit Committee
Date:	Thursday, 19 March 2026
Subject:	Q3 Treasury Report 2025/26
Purpose:	To provide Members with an update on Treasury Management performance and activity to ensure best practice is maintained.
Key Decision:	No
Portfolio Holder:	Councillor Redgate, Portfolio Holder for Finance.
Report Of:	Russell Stone – Director of Finance/S151 Officer.
Report Author:	Sean Howsam, Treasury & Investments Manager (PSPSL).
Ward(s) Affected:	None directly.
Exempt Report:	No.

Summary

Attached at **Appendix 1** is the Q3 Treasury Report on the Council's "Treasury Management Strategy Statement and Annual Investment Strategy". It covers the following areas.

- An economic update for the first three quarters 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.
- Debt Rescheduling.
- A review of compliance with Treasury and Prudential Limits for 2025/26.

This Report refers to a key element of the Council's Governance Framework and represents an important contribution to the evidence trail in support of the Annual Governance Statement 2025/26.

Recommendations

It is recommended that Members of the Governance and Audit Committee receive and review the contents of the report attached at **Appendix `1`**.

Reasons for Recommendations

The CIPFA Code of Practice for Treasury Management suggests that members should be informed of Treasury Management activities at least quarterly. This report therefore ensures this Council is embracing Best Practice in accordance with CIPFA's revised Code of Practice.

Other Options Considered

As this is an update report there are no other further options for consideration.

1. Background

1.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

1.2 The second main function of the treasury management service is the funding of the Council's capital programme. The capital programme provides a guide to the borrowing need of the Council, essentially longer term cash flow planning to ensure the Council can meet its capital spending requirements. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion, any existing debt may be restructured to meet Council risk or cost objectives.

1.3 Accordingly, treasury management is defined as:

“The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

1.4 The risks around investments have always been managed effectively by the Council.

2. Report

2.1 This report provides the 2025/26 Quarter 3 update on the Council's “Treasury Management Strategy Statement and Annual Investment Strategy” (**Appendix 1**).

2.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued the revised Code of Practice for Treasury Management in 2021.

2.3 The Code suggests that members should be informed of Treasury Management activities at least quarterly. This report therefore ensures this Council is embracing best practice in accordance with CIPFA's revised Code of Practice.

- 2.4 Sections 2 and 3 of **Appendix 1** provides an economic update for quarter 3 and interest rate forecasts. The expected direction of interest rates for the remainder of the financial year is for the Bank Rate to remain the same.
- 2.5 Section 4 and 5 of **Appendix 1** provides details of the Council's investments and borrowing on 31 December 2025.
- 2.6 The table below provides an analysis of the net treasury position as at Quarter 3 and the projected outturn for the year:

Category	2025/26 Budget Quarter 3	2025/26 Actual Quarter 3	2025/26 Variance Quarter 3	2025/26 Annual Budget	2025/26 Forecast Outturn	2025/26 Forecast Variance
GF Interest Rec'd	(580,983)	(1,003,672)	(422,689)	(771,100)	(1,297,452)	(526,352)
HRA Interest Rec'd	(246,400)	(484,225)	(237,825)	(327,000)	(633,958)	(306,958)
HRA Interest Paid	<u>1,909,024</u>	<u>1,768,641</u>	<u>(140,383)</u>	<u>2,591,414</u>	<u>2,347,469</u>	<u>(243,945)</u>
HRA Net Position	1,662,624	1,284,416	(378,208)	2,264,414	1,713,511	(550,903)
Total Net Position	1,081,641	280,744	(800,897)	1,493,314	416,059	(1,077,255)

At Quarter 3 the net treasury position shows a combined favourable variance of £800,897 and the forecast outturn is a favourable variance of £1,077,255.

- 2.7 Treasury investments achieved an average rate of 4.611% and interest on Welland Homes loans achieved an average rate of 4.286%. The combined rate achieved on all investments was 4.560%.
- 2.8 The higher level of investment income achieved compared to the original budget is due to interest rates in the market being higher than the budgeted return for 2025/26 and balances available for investment being higher due to slippage in the capital programme and additional grant money being received.
- 2.9 Appendix 1A provides an update to the Council's prudential and treasury indicators for 2025/26.

3. Conclusion

- 3.1 This report provides an update on treasury management performance to Members to ensure Best Practice is maintained as required by CIPFA Code of Practice for Treasury Management.

Implications

South and East Lincolnshire Councils Partnership

None

Corporate Priorities

None

Staffing

None

Workforce Capacity Implications

None

Constitutional and Legal Implications

The General Power of Competence in the Localism Act 2011 allows Councils a broad freedom in their operations.

Councils have the general power to borrow under Section 1 of the Local Government Act 2003.

The power to invest is set out in the Local Government Act 2003, Section 12, which gives the Council the power to invest for any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs.

The power that allows councils to spend for capital purposes is included in the Local Government Act 2003.

Data Protection

None

Financial

The financial implications are covered in detail in **Appendix 1** to this report and in section 2 above.

By making the investment criteria relating to financial institutions stringent, the Council receives lower rates of return. The Council therefore aims to strike a balance between risk and reward when considering its portfolio of investments. Treasury Management is a key financial consideration for the Authority especially in respect of its investment returns and Capital Programme.

Risk Management

The Code of Practice sets out the framework for controlling the risks associated with treasury management decisions for borrowing and investing. Ultimately investment and borrowing decisions are made in accordance with the Council's Treasury Management Strategy. The overriding priority is that the security of a deposit takes precedence over a return on investment.

The Prudential and Treasury Indicators control the limits for investing and borrowing, to ensure that any borrowing is affordable and sustainable and long term borrowing is for capital purposes only.

Stakeholder / Consultation / Timescales

The Portfolio Holder for Finance is briefed on treasury performance on a regular basis.

Reputation

The security of investments is the Council's main priority when investing surplus cash.

Contracts

None

Crime and Disorder

None

Equality and Diversity / Human Rights / Safeguarding

None

Health and Wellbeing

None

Climate Change and Environmental Implications

None

Acronyms

CPI – Consumer Price Index

CIPFA - Chartered Institute of Public Finance and Accountancy

GDP – Gross Domestic Product

GF – General Fund

HRA – Housing Revenue Account

MPC - Monetary Policy Committee

MUFG – External Treasury Advisors (formerly known as Link Group)

PWLB - Public Works Loan Board

q/q – quarter on quarter

Appendices

Appendices are listed below and attached to the back of the report:

Appendix 1 Q3 Treasury Report 2025/26

Background Papers

Background papers used in the production of this report are listed below: -

Document title.

Where the document can be viewed.

Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management.	CIPFA Website
SHDC Treasury Management Strategy Statement for 2025/26	<u>(Public Pack)Agenda Document for South Holland District Council, 27/02/2025 18:30</u>

Chronological History of this Report

Name of Body	Date
Governance and Audit	Q1 Update Report - 11 September 2025
Governance and Audit	Mid-Term Report – 13 November 2025
Council	Mid-Term Report – 26 November 2025
Governance and Audit	Q3 Update Report – 19 March 2026

Report Approval

Report author: Sean Howsam – Treasury & Investments Manager (PSPSL)
Sean.Howsam@pspsl.co.uk

Signed off by: Russell Stone –Director of Finance/S151 Officer
russell.stone@sholland.gov.uk

Approved for publication: Cllr Redgate, Portfolio Holder for Finance.

Treasury Management Update

Quarter 3 Report 2025/26
ended 31 December 2025

South Holland District Council

1. Treasury Management Update

Quarter Ended 31 December 2025

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities at least quarterly. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

2. Economic Update (commentary by MUFG Corporate Markets)

The third quarter of 2025/26 saw:

- A -0.1% month on month change in real GDP in October, leaving the economy no bigger than at the start of April.
- The 3-month year on year rate of average earnings growth excluding bonuses fall to 4.6% in October, having been as high as 5.5% earlier in the financial year;
- Core Consumer Price Index (CPI) inflation falls sharply from 3.6% to 3.2% in November, with core CPI inflation easing to 3.2%.
- The Bank of England cut interest rates from 4.00% to 3.75% in December, after holding in November.
- The 10-year gilt yield fluctuates between 4.4% and 4.7%, ending the quarter at 4.50%.

Monetary Policy Committee (MPC) meetings 8 May, 19 June, 7 August, 18 September, 6 November, 18 December 2025

There were six Monetary Policy Committee (MPC) meetings held between April and December. In May, the Committee cut Bank Rate from 4.50% to 4.25%, while in June policy was left unchanged. In June's vote, three MPC members (Dhingra, Ramsden and Taylor) voted for an immediate cut to 4.00%, citing loosening labour market conditions. The other six members were more cautious, as they highlighted the need to monitor for "signs of weak demand", "supply-side constraints" and higher "inflation expectations", mainly from rising food prices. By repeating the well-used phrase "gradual and careful", the MPC continued to suggest that rates would be reduced further.

In August, a further rate cut was implemented. However, a 5-4 split vote for a rate cut to 4% laid bare the different views within the MPC, with the accompanying commentary noting the decision was "finely balanced" and reiterating that future rate cuts would be undertaken "gradually and carefully". Ultimately, Governor Bailey was the casting vote for a rate cut but with the CPI measure of inflation expected to reach at least 4% later this year, the MPC was wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%.

With wages still rising by just below 5%, it was no surprise that the September meeting saw the MPC vote 7-2 for keeping rates at 4% (Dhingra and Taylor voted for a further 25bps reduction). Moreover, the Bank also took the opportunity to announce that they would only shrink its balance sheet by £70bn over the next 12 months, rather than £100bn. The repetition of the phrase that "a

gradual and careful” approach to rate cuts is appropriate suggested the Bank still thought interest rates will fall further.

At the 6 November meeting, Governor Bailey was once again the deciding vote, keeping Bank Rate at 4% but hinting strongly that a further rate cut was imminent if data supported such a move. By 18 December, with November CPI inflation having fallen to 3.2%, and with Q2 Gross Domestic Product (GDP) revised down from 0.3% quarter on quarter (q/q) to only 0.2% q/q, and Q3 GDP stalling at 0.1%, the MPC voted by 5-4 to cut rates further to 3.75%. However, Governor Bailey made it clear that any further reductions would require strong supporting data, and the pace of any further decreases would be slow compared to recent months. The markets expect Bank Rate to next be cut in April.

3. Interest rate forecasts

The Council has appointed MUFG Corporate Markets as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. MUFG Corporate Markets provided the following forecasts and commentary on 22 December 2025. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 basis points.

MUFG Corporate Markets Interest Rate View 22.12.25													
	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
12 month ave earnings	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
5 yr PWLB	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
10 yr PWLB	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
25 yr PWLB	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
50 yr PWLB	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

4. Annual Investment Strategy

The Treasury Management Strategy Statement for 2025/26, which includes the Annual Investment Strategy, was approved by Council on 27 February 2025. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council’s investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity aligned with the Council’s risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seek out value available in periods up to 12 months with high credit rated financial institutions, using the MUFG suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap overlay information.

As shown by the chart below and the interest rate forecasts in section 3, investment rates have started to taper downwards during the final quarter of 2025 and are expected to fall back further if inflation falls through 2026 and the MPC loosens monetary policy further.

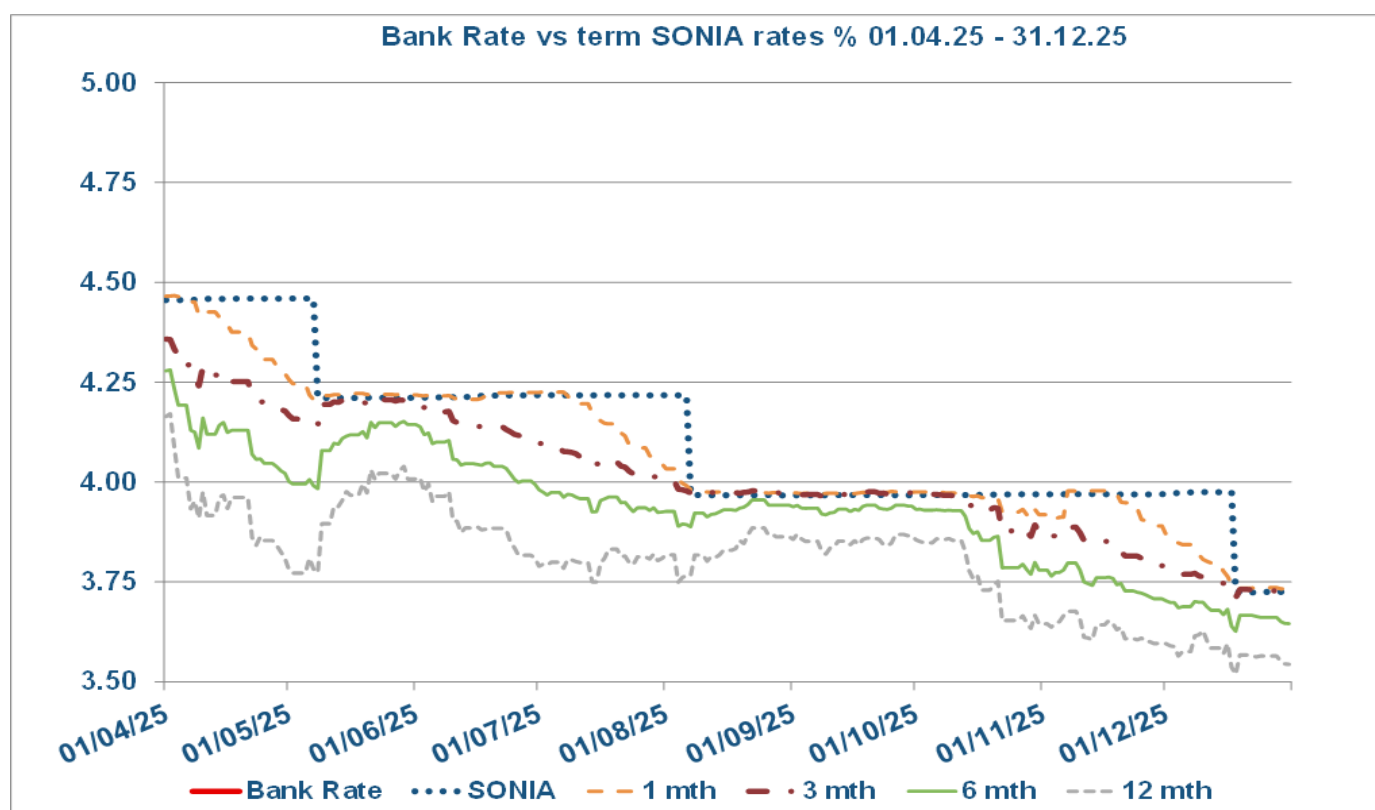
Creditworthiness - There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriate counterparties are considered for investment purposes.

Investment Counterparty Criteria - There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriate counterparties are considered for investment purposes.

Credit Default Swap prices - For UK banks, and international banks these have remained low, and prices are not misaligned with other creditworthiness indicators, such as credit ratings. Nevertheless, it remains important to undertake continual monitoring of all aspects of risk and return.

Investment performance year to date as at 31 December 2025

The following graph below shows that during the first three quarters of the financial year rates have been gradually falling.



During the financial year the Council has made investments in line with the agreed Treasury Management Strategy.

Because the Council collects money on behalf of other organisations which are paid out at future dates (e.g. Council Tax and Business Rates) the value of investments held at any point in time does not represent the value of SHDC’s own resources.

The following table provides details of the cash investments held by the Council on 31 December 2025. Note this represents the position at this one point in time. The peaks and troughs in cash flow are managed on a daily basis.

Financial Institution	Country	Amount (£)	Start Date	Maturity Date	Fixed/ Variable	Yield %
Lloyds Bank	UK	882,904	N/A	Call	N/A	3.65%
CCLA Money Market Fund*	Various	4,000,000	N/A	Call	N/A	3.85%
Handelsbanken	Sweden	10,125	N/A	Call	N/A	2.95%
Gloucester City Council	UK	2,000,000	15/04/25	15/01/26	Fixed	4.60%
ANZ (London)	Australia	2,500,000	21/07/25	21/01/26	Fixed	4.48%
Great Yarmouth Council	UK	1,500,000	23/12/25	23/01/26	Fixed	4.50%
Wrexham County Borough Council	UK	2,000,000	25/09/25	26/01/26	Fixed	4.50%
Lancashire County Council	UK	2,000,000	29/09/25	29/01/26	Fixed	4.30%
The Highland Council	UK	3,000,000	22/09/25	18/02/26	Fixed	4.35%
Eastbourne Borough Council	UK	2,500,000	19/11/25	19/02/26	Fixed	4.17%
Aberdeen City Council	UK	2,000,000	01/10/25	25/02/26	Fixed	4.50%
South Lanarkshire Council	UK	2,000,000	03/11/25	02/03/26	Fixed	4.28%
PCC for Hertfordshire	UK	2,000,000	29/08/25	29/05/26	Fixed	4.15%
East Ayrshire Council	UK	2,500,000	02/06/25	01/06/26	Fixed	4.65%
Blackpool Borough Council	UK	2,000,000	19/06/25	18/06/26	Fixed	4.60%
Chorley Borough Council	UK	2,500,000	04/08/25	03/08/26	Fixed	4.30%
Broxbourne Borough Council	UK	2,000,000	22/12/25	22/09/26	Fixed	4.58%
Blaenau Gwent County Borough Council	UK	2,000,000	27/11/25	26/11/26	Fixed	4.60%
Basildon Borough Council	UK	2,000,000	01/12/25	30/11/26	Fixed	4.55%
TOTAL		39,393,029				

* The CCLA (Church, Charities and Local Authorities) Money Market Fund is domiciled in the UK but investment funds deposited globally.

At the start of the year the level of investments was £25.0m.

Welland Homes

In addition to the above loans the Council has made loans to Welland Homes, a Housing Company wholly owned by the Council, as follows:

Loan	Amount (£)	Maturity Date	Rate
Green Lane & Walters Close, Spalding	1,341,642.80	17/03/47	3.50%
Parkside Crescent, Spalding	884,278.05	07/05/49	3.50%
London Road, Long Sutton	466,771.00	02/10/48	3.50%
Bentley Court, Spalding	555,548.27	02/08/49	3.50%
Northon's Lane, Holbeach	490,077.55	29/03/51	3.50%
Homefields, Crowland (Phase 1)	1,104,337.16	29/03/53	5.25%
Walnut Close, Sutton St James	609,612.14	25/04/53	5.25%
Homefields, Crowland (Phase 2)	391,915.00	19/10/53	5.84%
Primus Close, Moulton Chapel	701,913.33	05/12/54	5.25%
TOTAL	6,546,095.30		

Interest earned on these loans in the current financial year to 31 December 2025 is £211,382. In addition to the interest, the Council has received a dividend of £65,953 from the Company.

Maturity Structure of Investments

A breakdown of the maturity structure of investments on 31 December 2025 is as follows:

Period to Maturity	Amount (£)	% of Portfolio
Less than one week	4,893,029	10%
Less than one month	10,000,000	22%
One to three months	9,500,000	21%
Three to six months	6,500,000	14%
Six to nine months	4,500,000	10%
Nine months to a year	4,000,000	9%
>12 Months	6,546,095	14%
TOTAL	45,939,124	100%

Return on Investments

The table below provides a comparison of investment income received against budget at Quarter 3 and a forecast outturn position for the year.

Category	2025/26 Budget Quarter 3	2025/26 Actual Quarter 3	2025/26 Variance Quarter 3	2025/26 Annual Budget	2025/26 Forecast Outturn	2025/26 Forecast Variance
Interest Received GF	(580,983)	(1,003,672)	(422,689)	(771,100)	(1,297,452)	(526,352)
Interest Received HRA	(246,400)	(484,225)	(237,825)	(327,000)	(633,958)	(306,958)
TOTAL	(827,383) (4.330%)	(1,487,897) (4.560%)	(660,514) (0.23%)	(1,098,100) (4.330%)	(1,931,410)	(833,310)

Treasury investments achieved an average rate of 4.611% and interest on Welland Homes loans achieved an average rate of 4.286%. The combined rate achieved on all investments was 4.560%.

On 31 December 2025 there was a favourable variance of £660,514 and the forecast outturn was a favourable variance of £833,310.

Long Term Equity Investments

The following table provides details relating to the Council's equity investments which are valued at "fair value" in accordance with proper accounting practice.

Entity	Equity at Cost (£)	Equity at Fair Value 31/03/25 (£)
Welland Homes at 31/03/25	3,718,694	4,828,602
South Holland Local Housing Community Interest Company	100	1,249,643
UK Municipal Bond Agency	50,000	0
TOTAL	3,768,794	6,078,245

5. Borrowing

The Council has £67.456m of external PWLB borrowing as per the table below.

Entity	Amount (£)	Start Date	Maturity Date	Rate
Public Works Loan Board	67,456,000	28/03/2012	28/03/2062	3.48%

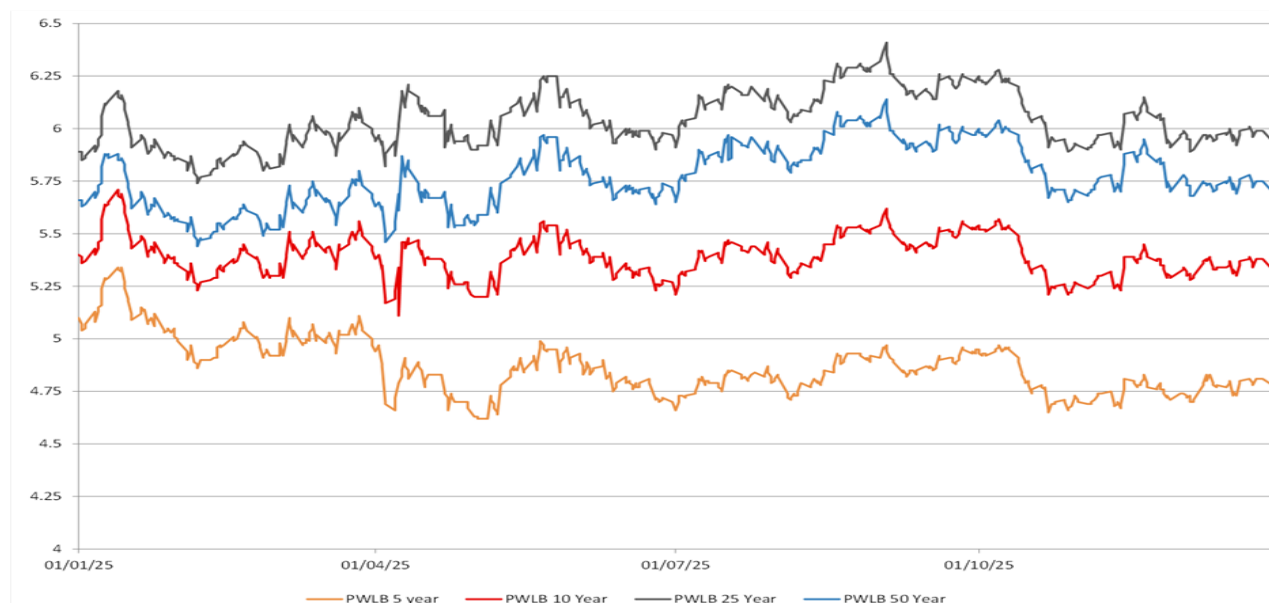
The Council has also budgeted to borrow an additional £10m HRA borrowing from 1 September 2025. As of 31 December 2025, this borrowing has not been taken due to additional capital grant money being received. Discussions will continue with the S151 Officer to agree the way forward on the timing of new borrowing.

The following table provides an analysis of borrowing costs as at Q3:

Category	2025/26 Budget Quarter 3	2025/26 Actual Quarter 3	2025/26 Variance Quarter 3	2025/26 Annual Budget	2025/26 Forecast Outturn	2025/26 Forecast Variance
Interest Payable HRA	1,909,024	1,768,641	(140,383)	2,591,414	2,347,469	(243,945)

Public Works Loan Board (PWLB) Borrowing Rates

The 50 year PWLB certainty rate was 5.71% on 31 December 2025 compared with 5.67% at the end of 2024/25.



6. Debt Rescheduling

Debt rescheduling opportunities have remained a possibility in the current quarter for those authorities with significant surplus cash and a flat or falling Capital Financing Requirement (CFR) in future years. Members will be advised if there is value to be had by rescheduling or repaying a part of the debt portfolio.

7. Net Treasury Position

The following table provides an analysis of the net treasury position as at Quarter 3 and the projected outturn for the year:

Category	2025/26 Budget Quarter 3	2025/26 Actual Quarter 3	2025/26 Variance Quarter 3	2025/26 Annual Budget	2025/26 Forecast Outturn	2025/26 Forecast Variance
GF Interest Received	(580,983)	(1,003,672)	(422,689)	(771,100)	(1,297,452)	(526,352)
HRA Interest Received	(246,400)	(484,225)	(237,825)	(327,000)	(633,958)	(306,958)
HRA Interest Paid	<u>1,909,024</u>	<u>1,768,641</u>	<u>(140,383)</u>	<u>2,591,414</u>	<u>2,347,469</u>	<u>(243,945)</u>
HRA Net Position	1,662,624	1,284,416	(378,208)	2,264,414	1,713,511	(550,903)
Total Net Position	1,081,641	280,744	(800,897)	1,493,314	416,059	(1,077,255)

At Quarter 3 the net treasury position shows a combined favourable variance of £800,897 and the forecast outturn is a favourable variance of £1,077,255.

Compliance with Treasury and Prudential Indicators

The prudential and treasury Indicators are shown in the tables at Appendix 1A.

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy Statement.

During the quarter ended 31 December 2025 the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement.

The Director of Finance/S151 Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

Treasury Indicators and Prudential Indicators for 2025/26 as of 31 December 2025

Treasury Indicators	31/03/25 Actual £'000	2025/26 Budget £'000	Revised Position as at Quarter 3 £'000
Authorised limit for external debt	115,000	115,000	115,000
Operational boundary for external debt	111,000	111,000	111,000
Gross external debt	67,456	77,456	67,456
Investments at cost (excluding equity investments)	(38,233)	(28,770)	(45,939)
Net borrowing	29,223	48,686	21,517
Upper limit for principal sums invested over 365 days:			
2025/26	0	5,000	5,000
2026/27	0	5,000	5,000
2027/28	0	5,000	5,000
2028/29	0	5,000	5,000
2029/30	0	5,000	5,000

Prudential Indicators	31/03/25 Actual £'000	2025/26 Budget £'000	Revised 2025/26 Budget as at Quarter 3 £'000
Capital expenditure:			
General Fund	4,830	15,184	13,230
HRA	<u>14,816</u>	<u>13,401</u>	<u>20,356</u>
TOTAL	19,646	28,585	33,586
Capital Financing Requirement (CFR):			
General Fund	16,351	18,985	17,209
HRA	<u>68,427</u>	<u>72,699</u>	<u>75,029</u>
TOTAL	84,778	91,684	92,238
Annual change in CFR:			
General Fund	1,062	2,634	858
HRA	<u>0</u>	<u>4,272</u>	<u>6,602</u>
TOTAL	1,062	6,906	7,460
In year borrowing requirement:			
General Fund	1,427	3,084	1,308
HRA	<u>0</u>	<u>4,272</u>	<u>6,602</u>
TOTAL	1,427	7,356	7,910
Ratio of financing costs to net revenue stream:			
General Fund	(7.12%)	(1.87%)	(2.76%)
HRA	39.93%	34.15%	30.19%

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Report To:	Governance and Audit Committee
Date:	19 th March 2026
Subject:	Quarter 3 Risk Report 25/26
Purpose:	To provide an update on risk as at the end of December 2025
Key Decision:	No
Portfolio Holder:	Councillor Jim Astill, Portfolio Holder for Corporate, Governance, Communications and Environmental Services
Report Of:	John Medler, Assistant Director – Governance
Report Author:	Corey Gooch, Business Intelligence and Change Manager
Ward(s) Affected:	All
Exempt Report:	No

Summary

This is the quarterly report covering risk monitoring information for Quarter 3 of 2025/26 (as at the end of December 2025).

Recommendations

That the Committee considers and notes the quarterly risk monitoring information for Q3 of 2025/26.

Reasons for Recommendations

The Governance & Audit Committee is responsible for overseeing the effectiveness of the Council's risk management arrangements.

Other Options Considered

Alternative reporting arrangements.

1. Risk management

- 1.1 The Governance & Audit Committee is responsible for monitoring the effective development and operation of risk management in the Council according to its terms of reference.
- 1.2 A shared approach to risk management has been agreed across the Partnership with common formatting but not content. The revised Risk Management Framework has been agreed by all three Councils.

In response to recommendations from the recent Internal Audit review of risk management practices, enhancements have been made to this report to improve clarity and focus on key areas of concern

Target Status: Each strategic risk now includes an indication of whether it is currently being managed at its target level. This addition supports better prioritisation by highlighting risks that require further mitigation to reach their desired state.

Mitigation Action Tracking: The summary also incorporates the status of planned mitigation actions, using a RAG (Red, Amber, Green) rating. This provides assurance that actions are progressing as expected and helps identify where further attention may be needed.





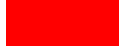
- 1.3 Individual strategic and operational risk registers are in place for each of the Councils to reflect individual circumstances, locality and reporting. Strategic risks are high level, relating to corporate priorities. Operational risks are service specific. In addition, a risk register of strategic risks to the Partnership has been developed and is set out below.
- 1.4 A quarterly corporate governance clinic is held with Assistant Directors to review risks.
- 1.5 As set out in the risk policy, we use the 4Ts of risk control:
 - Terminate – rarely, we may be able to stop doing the activity altogether and thereby remove the risk altogether
 - Tolerate – accept the risk and live with it because it is within our risk appetite and the cost of mitigating action would outweigh the benefits
 - Transfer – move all or part of the risk to a third party or through insurance; however, sometimes accountability remains, particularly with a Council, so caution is advised
 - Treat - take action to control the likelihood and/or impact and set a target to move the risk to within the risk appetite once the action has been implemented

2. Strategic Risk Register

2.1 A summary of the risks and scores are set out in the table below, with full details in Appendix A.

South Holland Strategic Risks	Risk score	Direction of travel	Target Status
1.Failure to meet statutory requirements in regard to general fund assets	Low (4)	↔	At Target Set
3.Retention of staff.	Medium (8)	↔	At Target Set
4.Service Delivery	Medium (9)	↔	Not at Target
5.Technology infrastructure failure	High (10)	↔	At Target Set
7.Cyber Incident	High (15)	↔	At Target Set
8.Failure to deliver the capital programme	Medium (6)	N/A	At Target Set
9.Economic Growth	Medium (9)	↔	At Target Set
10.Introduction of Extended Producer Responsibility	Low (4)	↔	At Target Set
11.Implementation of the Environment Act 2021	High (16)	↔	Not at Target
12.Waste Collection Round Pressures	High (16)	↔	Not at Target
13.Local Plan being considered out of date	Medium (6)	↔	At Target Set
14.Budget	High (16)	↔	At Target Set
15.Capacity	Medium (9)	↔	At Target Set
16.Third Party Service Delivery	Medium (9)	↔	At Target Set
17.Net Zero target	Low (4)	↔	At Target Set
18.Civil contingency risks	Medium (8)	↔	At Target Set
19.Information	Medium (8)	↔	At Target Set
20.Capital Programme	Medium (6)	↔	At Target Set
22.Local Government Reform (LGR) in Greater Lincolnshire	High (12)	↔	At Target Set
23.Health and Safety	Medium (9)	↔	Not at Target
24.AI Governance and Oversight	Medium (9)	N/A	At Target Set

Risk Scoring Matrix						
Impact	Critical		5	7		
	High	1	3; 18; 19		11; 12; 14	
	Medium		4; 20	9; 15; 16; 23; 24	22	
	Low		10; 17	8; 13		
	Minimal					
		Rare	Unlikely	Possible	Likely	Almost certain
		Likelihood				

Risk Score	Colour
Minimal Risk	
Low Risk	
Medium Risk	
High Risk	
Critical Risk	

2.4 A summary of the Partnership risks and scores are set out in the table below, with full details in Appendix B.

SELCP Partnership Risks	Risk score	Direction of travel	Target Status
SELCP-01: Vision	Medium (8)	↔	At Target Score
SELCP-02: Trust	Medium (9)	↓	At Target Score
Likelihood reduced from 4 to a 3.			
SELCP-03: Sovereignty	Medium (9)	↔	At Target Score
SELCP-05: Culture	Medium (6)	↔	At Target Score
SELCP-06: LGR	High (12)	↔	At Target Score
SELCP-07: Funding	High (16)	↔	Not on Target
SELCP-08: Staffing	High (12)	↔	Not on Target
SELCP-09: PSPS	Medium (6)	↔	At Target Score

Risk Scoring Matrix						
Impact	Critical					
	High		1		7	
	Medium		5; 9	2; 3	6; 8	
	Low					
	Minimal					
		Rare	Unlikely	Possible	Likely	Almost certain

Risk Score Colour

Minimal Risk ■

Low Risk ■

Medium Risk ■






High Risk ■

Critical Risk ■

2.6 A summary of the fraud risks and scores are set out in the table below, with full details in Appendix C.

Fraud Risks	Risk score	Direction of travel	Target Status
1: Asset - Equipment	Minimal (1)	↔	At Target Score
2: Assets – Land and Property	Minimal (1)	↔	At Target Score
4: Procurement – Contracts	Medium (8)	↑	At Target Score
5: Procurement – Contract Payments	Medium (8)	↔	At Target Score
6: Council Tax – Credit Refund and Income Fraud	Medium (6)	↔	At Target Score
7: Council Tax Fraud	Low (4)	↔	At Target Score
8: Council Tax Support Scheme	Low (4)	↔	At Target Score
9: National Non-Domestic Rate (NNDR) Fraud	Medium (9)	↔	At Target Score
10: Housing Benefit Fraud	Low (4)	↔	At Target Score

Risk Scoring Matrix					
Critical					
High		4; 5			
Medium		6	9		
Low		7; 8; 10			
Minimal	1; 3				
	Rare	Unlikely	Possible	Likely	Almost certain
	Likelihood				

Risk Score	Colour
Minimal Risk	
Low Risk	
Medium Risk	
High Risk	
Critical Risk	

2.7 A summary of the HRA risks and scores are set out in the table below, with full details in Appendix D.

South Holland HRA Risks	Risk score	Direction of travel	Target Status
1.Business continuity	Medium (9)	↔	At Target Score
2.Health and Safety	Medium (6)	↔	At Target Score
3.Risk oversight	Medium (6)	↓	At Target Score
Likelihood lowered from a 3 to 2.			
4.Management of health and safety	Medium (8)	↔	At Target Score
5.Management of health and safety of DLO	Medium (5)	↔	At Target Score
6.Data	Low (3)	↔	At Target Score
7.Listening to tenants	Low (4)	↔	At Target Score
8.Tenant engagement resource	Medium (9)	↔	Not at Target
9.Qualification requirements	Low (4)	↔	At Target Score
10.HRA business plan	Low (1)	↓	At Target Score
Score reduced from 2,3 to 1,1			
11.Failure to meet Regulatory Consumer Standards	Low (4)	↔	At Target Score
12.Failure to self-refer to the regulator	Low (3)	↔	At Target Score
13.Impact of Awaab's law	Medium (6)	↔	Not at Target
14. Minimum Energy Efficiency Standards	Medium (9)	↔	Not at Target
15. HRA business plan (Additional)	Medium (9)	↔	Not at Target
16. Emergency repairs service (staffing)	High (12)	↔	Not at Target

Risk Scoring Matrix					
Critical	5				
High		4	16		
Medium	6; 12	2;3	1;8;13;14;15		
Low		7;9;11			
Minimal	10				
	Rare	Unlikely	Possible	Likely	Almost certain
	Likelihood				

Risk Score	Colour
Minimal Risk	
Low Risk	
Medium Risk	
High Risk	
Critical Risk	

3. Conclusion

3.1. The risk management arrangements are designed to provide the Council with a clearer and fuller understanding of the key risks facing the organisation and how these are being managed. Strategic and operational risks continue to be managed in accordance with the Risk Management Framework. The Committee’s review of this report and its feedback enable the Committee to discharge its role in considering the effectiveness of the Council’s risk management arrangements.

Implications

South and East Lincolnshire Councils Partnership

A Partnership approach has been agreed for 2025/26.

Corporate Priorities

All strategic risks are linked to delivery of corporate priorities

Staffing

No implications specific to this report. Risks relating to staffing are included in the report.

Workforce Capacity Implications

No implications specific to this report. Risks relating to workforce capacity are included in the report.

Constitutional and Legal Implications

No implications specific to this report

Data Protection

No implications specific to this report

Financial

No implications specific to this report

Risk Management

Whole report

Stakeholder / Consultation / Timescales

Consultation with SLT

Reputation

No implications specific to this report. Potential reputational risks are included in the report.

Contracts

No implications specific to this report. Risks relating to contracts and procurement are included in the report.

Crime and Disorder

No implications specific to this report.

Equality and Diversity / Human Rights / Safeguarding

No implications specific to this report.

Health and Wellbeing

No implications specific to this report.

Climate Change and Environmental Implications

No implications specific to this report.

Acronyms

- AD: Assistant Director
- DCX: Deputy Chief Executive
- SLT: Senior Leadership Team

Appendices

Appendices are listed below and attached to the back of the report:

<i>Appendix A</i>	<i>SHDC Strategic Risk Register</i>
<i>Appendix B</i>	<i>Partnership Risk Register</i>
<i>Appendix C</i>	<i>Fraud Risk Register</i>
<i>Appendix D</i>	<i>HRA Risk Register</i>

Background Papers

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

Chronological History of this Report

A report on this item has not been previously considered by a Council body.

Report Approval

Report author: Richard Baldwin, Strategic Performance Analyst

Signed off by: John Medler, Assistant Director – Governance,
john.medler@e-lindsey.gov.uk

Approved for publication: Councillor Jim Astill, Portfolio Holder for Corporate, Governance, Communications and Environmental Services

Ref	Risk name	Risk description	Lead	Cause/s	Potential impact/consequences	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Planned action / future mitigation	Action RAG	Target risk likelihood	Target risk impact	Target risk score
SHDC01	Failure to meet statutory requirements in regard to general fund assets	This risk identifies the need for the council to adhere to all prevailing statutory codes as they relate to council assets and functions	AD-GFA	Poor risk management Poor financial planning/management Communication breakdown between council/suppliers/partners Failure to monitor and adhere to current legislation and guidelines Failure to consider health and safety requirements	Failure to deliver services to residents Lack of empowerment for communities and local businesses Economic downturn Reduction in co-location, partnership working and sharing of knowledge Failure to generate efficiency gains, capital receipts and income streams Reduction in quality of place/public spaces	All assets either have compliance contracts in place or local contractors with the jobs in hand. Database updated and restructure in place, with clear roles and responsibilities. Training takes place on a required basis.	1	4	Low (4)	Tolerate	Continued implementation of asset management strategy	N/A	1	4	Low (4)
SHDC03	Retention of staff	The recruitment of new and retention of existing staff within the organisation affecting the ability for the organisation to deliver and meet its objectives	AD-C	Recruitment challenges across region Specialist role recruitment can be difficult Competitive salaries offered at other organisations Uncertain financial climate	Failure to recruit Lack of resources Additional pressure on existing staff	The workforce strategy is aligned across the 3 Councils. A training programme is in place to assist with both personal and professional development and to further develop the talents of individual employees. This programme sits alongside a package of personal support for staff. Managers are encouraged to have regular 'one to ones' with staff to ensure that they are fully supported in their roles. Appraisal process in place. We have launched our own recruitment academy which seeks to recruit and develop apprentices specifically in those services where it is harder to recruit. The new managers development programme has launched, with the first cohort inducted. We also continue to have in place our Future Leaders' Programme to support colleagues in their career development. Corporate Management Team invest time in mentoring colleagues within the organisation through both of these development programmes.	2	4	Medium (8)	Tolerate	A refresh of the Workforce Development Strategy action plan will take place this year to help ensure colleagues have the skills and confidence required to continue to want to work in Local Government post re-organisation: by 31/3/26	N/A	2	4	Medium (8)
SHDC04	Service Delivery	The risk to service delivery, impacting residents and partners we work with.	AD-C	Lack of training Lack of leadership No resources/budget Communication failure Poor performance Ineffective governance Lack of learning/feedback	Failure to meet needs of residents and partners Negative feedback and press coverage Reputational damage	Staff resources maximised under the Partnership. Working with external partners to deliver shared priorities. HR support on recruitment and retention. Training plans. Values & behaviours work; Annual Delivery Plan, Workforce Development, policies, and procedures.	2	3	Medium (9)	Tolerate		N/A	2	3	Medium (6)
SHDC05	Technology infrastructure failure	The loss of ICT impacting upon the organisation to operate effectively and deliver services to residents. The Council relies heavily on the ICT infrastructure for normal business operation. Whilst resilience is built into the environment, the loss of a service is always possible. Depending on the service lost, the impact could be severe	AD-C	Human error Power failure Security Hardware Link failure	The Council relies heavily on the ICT infrastructure for normal business operation. Whilst resilience is built into the environment, the loss of a service is always possible. Depending on the service lost, the impact could be severe	The Council has a series of resilience arrangements in place through its service provider, PSPS. Work is continuous to ensure these are fit for purpose across a range of areas. As part of business continuity planning, services are considering in detail how they would continue to operate should an ICT outage occur	2	5	High (10)	Tolerate	Regular review of resilience arrangements	N/A	2	5	High (10)
SHDC07	Cyber Incident	The risk of the council's ICT infrastructure being severely impacted as the result of a cyber incident, both in terms of downtime of systems and loss of data/information. The threat landscape across the UK is continuously increasing and appears on the national risk assessment. The Council need to constantly adapt in its security mitigation and training to ensure they are both prepared from a technical and from a people aspect	AD-C	The threat landscape across the UK is continuously increasing and appears on the national risk assessment. The Council need to constantly adapt in its security mitigation and training to ensure they are both prepared from a technical and from a people aspect	Theft of corporate information theft of financial information (eg bank details or payment card details) theft of money disruption to service provision loss of business or contract loss of trust in customers/residents and partners	Defence in depth in the form of firewalls, Mimecast and antivirus is deployed both at the perimeter and the internal Local Area Network. The ICT team play an active part in the East Midlands WARP (Warning, Advice and Reporting Point) which allow us to have early sight of issues being experienced across neighbouring Authorities and Agencies. ICT is also a member of the CISP formed by the National Cyber Security Centre, this allows us early awareness from the central agency responsible for cyber threats across the UK as well as allowing them to monitor our environment to a degree. These mitigations afford ICT awareness of emerging threats. These mitigations afford ICT awareness of emerging threats. We have also recently enabled and implemented further cyber security controls within Mimecast which will ensure further mitigation in this area is in place.	3	5	High (15)	Tolerate	Continued robust cyber security and training	N/A	3	5	High (15)
SHDC08	Failure to deliver the capital programme	There are several million pounds worth of proposed capital projects that are ongoing over the next 3-5 years, these include new schemes and renovations and repairs to existing assets, key factors such as capacity to deliver both internally and externally need to be monitored and managed as well as financial constraints and pressures.	D-PD	Escalating costs Onsite Issues Grant funding withdrawal Non-compliance of grant funding obligations Insufficient Pre-project planning and specs (Brief-Creep) Partners withdrawal	Reputational Damage Financial impact Failure to deliver council objectives Reduced ability to secure future funding	Robust programme and project management Regular and structured reporting mechanisms Robust and effective governance (financial and project) Effective working with partners and 3rd Party delivery Risk transference and mitigation Requesting extra funding prior to project commencement where required	3	2	Medium (6)	Tolerate		N/A	3	2	Medium (6)
SHDC09	Economic Growth	The risk of the economy of South Holland as a whole experiencing a downturn, resulting in both employment and business closures, and having a consequential impact on a range of resident wellbeing.	D-ED	Increasing costs Fuel costs Lack of transport Lack of jobs/growth Infrastructure/Access	Struggling/failing local businesses; Stagnating local economy; Lack of inward investment; Low skills and aspirations; Low visitor numbers; Future sustainability of the Town Centre - retail, evening economy, housing, heritage, culture, leisure, events, car parking; Community perceptions.	The council regularly monitors the impact of the local economy through regular engagement with businesses and partners. Engagement with business and the council remains high. A large proportion of the economy of South Holland is structured around the agriculture, food production and distribution, and horticultural sector which continues to be largely resilient to the effects of the pandemic on the wider economy from a demand-side perspective but continues to grapple with supply-side constraints relating to access to labour, logistics capacity, carbon reduction and supply-chain challenges that impede growth. The council's longer term economic strategy of supporting innovation and productivity in the core agri-food sector to overcome some of these challenges is intended to further support this resilience, therefore supporting the wider supply chain and business cluster within the district.	3	3	Medium (9)	Tolerate	Continue to implement the Growth and Prosperity Plan	N/A	3	3	Medium (9)

Ref	Risk name	Risk description	Lead	Cause/s	Potential impact/consequences	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Planned action / future mitigation	Action RAG	Target risk likelihood	Target risk impact	Target risk score
SHDC10	Introduction of Extended Producer Responsibility	The UK is undergoing a major overhaul of packaging producer responsibility legislation, which will transform the way local authorities receive funding for household waste collections. This risk covers the changes this legislation will bring which will be positive but also important to ensure we as an organisation are prepared for these changes.	AD-N	Reforms seek to introduce principles of extended producer responsibility (EPR) to the UK's packaging waste management sector and will, primarily, see the cost burden of collecting householders' packaging waste shift from local taxpayers to the producers of packaged products	Funding Gaps Negative Press Budget implications	Officers closely follow all policy and practice changes being implemented by the Government and has responded to relevant consultations. This is also being monitored through the countywide Strategic Officer Working Group. Officers are attending Defra webinars on a regular basis, and taking part in research where relevant. The SLECP Waste Improvement Programme Board is made aware of any updates from Defra.	2	2	Low (4)	Tolerate	Pending Government guidance Risk has been reviewed and scored reduced in Q2. The government budget has provided a significant measure to reduce the risk around the introduction of the Extended Producer Responsibility (EPR) scheme by guaranteeing £1.1 billion in funding for local authorities. This assurance helps local councils plan their budgets effectively. SHDC has received notification of payment for 2025/26 - £1,231,000	N/A	2	2	Low (4)
SHDC11	Implementation of the Environment Act 2021	The legislation will have an impact on the way that waste services are delivered, and will require operational changes. Changing service delivery requires financial support, and although some New Burdens has been made available information is not provided on the ongoing New Burdens revenue funding to meet the additional cost of service delivery.	AD-N	The Environment Act 2021 allows the UK to enshrine better environmental protection into law. It provides the Government with powers to set new binding targets, including for air quality, water, biodiversity, and waste reduction. This will change and impact the way environmental services are currently delivered	Failure to comply with legislation Negative effect on climate both locally and globally	A SELCP Waste Improvement Programme Board (WIPB) is established and comprises lead members from Neighbourhoods and PSPS services. The WIPB meets monthly for progress updates. A Waste Transformation Steering Group is established, chaired by the Portfolio Holder, and supported by a Waste Delivery Group. Both groups monitor financial impact. A Programme Manager has been recruited to support the WIPB. Additionally the authorities comprising the Lincolnshire Waste Partnership work together to identify the impact of the Environment Act across the county, and make preparations for changes to service delivery.	4	4	High (16)	Treat	Steering Group and WIPB reports to SLT and Cabinet. Project plan in place. Attending regular Defra Webinars. Review and update every quarter.	1/4/2026	3	3	Medium (9)
SHDC12	Waste Collection Round Pressures	Increased housing growth has led to an increase in the amount of waste presented for collection each week, putting pressure on the service and preventing the collections from being fully completed each week.	AD-N	Housing growth Unlimited waste presented for collection	Increase in missed collections Reputational Damage	Additional resources being used to meet the extra demand and capacity pressure placed on the collection rounds	4	4	High (16)	Treat	Decision made on the future delivery model for waste service. Policies focused on containing waste and waste minimisation, and round review will ensure collection rounds can accommodate waste presented.	1/5/2026	2	3	Medium (6)
SHDC13	Local Plan being considered out of date	The South East Lincolnshire Local Plan (2019) seeks to support proposals which assist in the delivery of economic prosperity and some 13,800 jobs in South Holland a Risk relates to failure to deliver an updated version of the local plan.	AD-PSI	Failure to adopt in time (stopping/pausing) Out of date evidence base Failure to understand housing need Issues with site selection processes Poor co-operation and engagement Misalignment with development management policies Local plan out of date	Lack of economic growth and inward investment Lack of new jobs and opportunity Failure to attract residents from outside of the district	Monitoring of the Plan policies. Taking of decision on planning applications. Review of the Local Plan where necessary.	3	2	Medium (6)	Tolerate	Continued monitoring and reporting	N/A	3	2	Medium (6)
SHDC14	Budget	Risk around the long term balancing of the budget with economic and funding uncertainty	D-F	Reduction of government funding; Reduction in income; Capital expenditure; Impact of Internal Drainage Board (IDB) levy; Inflation; Fuel shortages; Ukraine conflict	Lack of money and lack of certainty going forward; Failure to balance budget in future years	Medium Term Financial Strategy; Budgetary process; Sound level of reserves; Continued close monitoring; Continued lobbying regarding the IDB pressure. Savings and Efficiency Plan developed to support the MTFs	4	4	High (16)	Tolerate	Continued controls, monitoring and reporting	N/A	4	4	High (16)
SHDC15	Capacity	Capacity to deliver the work programme for the Partnership/Councils	AD-C	The workload increasing to a point where it becomes unmanageable within existing staff resources.	Delivery of work programme slipping. Staff wellbeing concerns. Disruption to services. Reputation reduced with partners.	Alignment and Delivery Plan in place to help manage the work programme. Services when bringing forward new initiatives to consider the capacity required and the need to bid for capacity if it can't be accommodated within existing resources. Council report templates have a specific section on capacity. Services have been informed they can bid into the transformation reserve for short term capacity if they have a suitable proposal. Resourcing is tracked via the Assistant Director quarterly survey so concerns regarding capacity can be escalated to Leadership Team. Recent audit which linked to Capacity, Aims and Priorities gave 'Adequate Assurance'.	3	3	Medium (9)	Tolerate	Encourage Services to consider the transformation/capacity reserve for short term support where existing service capacity isn't sufficient.	N/A	3	3	Medium (9)
SHDC16	Third Party Service Delivery	Risk around resilience and quality of service delivery arrangements with third parties	AD-C	This risk relates to the potential for the failure of a major supplier of Council services or partners with whom the Council co-delivers/enables provision of services and operations	In the event of a failure, either in resilience or quality, there are likely to be a mix of financial, service delivery and reputational impacts to the Council.	Assessment of business plans for key partnerships. Regular performance reports and monitoring meetings with third parties. Some key partnerships based on open book approach to financial monitoring. Regular contract meetings in place to manage risk. SELCP approach to some contracts provides resilience.	3	3	Medium (9)	Tolerate	Continued monitoring and reporting	N/A	3	3	Medium (9)

Ref	Risk name	Risk description	Lead	Cause/s	Potential impact/consequences	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Planned action / future mitigation	Action RAG	Target risk likelihood	Target risk impact	Target risk score
SHDC17	Net Zero Target	Risk of failure to meet agreed corporate ambition of Net Zero by 2040	AD-R	Impact on Net Zero target (i.e. carbon emissions) not fully evaluated at outset of all projects, decisions and developments and through service delivery objectives. Financial resourcing required to decarbonise some areas may not be available.	Decisions taken which increase carbon emissions leading to failure to meet Net Zero ambition. Potential reputational risk to authority. Failure to invest in a targeted and effective way.	Carbon Reduction Action Plan approved. Partnership Environment Policy approved Q3 25/26. Climate Change Strategy approved. Green Home Grants are in delivery. Energy Advice Demonstrator in delivery. Reporting and Monitoring of progress through Scrutiny Committee Monitoring delivery of projects through Sustainable Warmth Programme Monitoring Board.	2	2	Low (4)	Tolerate	Energy advice demonstrator funding ends in March 27, action in annual delivery plan to bid for additional funding. There is also planned actions (via ADP) to improve the governance arrangements around reporting progress towards Net Zero and refreshing our carbon footprint through scrutiny committee.	N/A	2	2	Low (4)
SHDC18	Civil contingency risks	Community risks shared across Lincolnshire, managed in partnership with the Lincolnshire Resilience Forum (LRF) and through S&ELCP	AD-R	Any incident/emergency that requires a response from the council as a category 1 responder under the civil contingencies act	Failure in service delivery; Impact on local people; Reputational damage; Detrimental economic impact on business; inability to support partners during an incident through LRF structures	Community Risk Register monitored by the Lincolnshire Resilience Forum (LRF); Work with partners to assess, monitor, train, plan and exercise to enable effective response to and recovery from an incident. Strategic and Tactical Out of Hours duty rota in place. S&ELCP providing resilience for response and recovery from emergencies/incidents affecting a single council. Strategic Management Group in place to monitor performance and report to LT Governance. Partnership Emergency Plan in place for the Sub-region. Business Continuity Plans in place for all critical services across the S&ELCP. Partnership resilience manager appointed and in place from 1st August Maintenance of service support, plans, procedures and policies across the S&ELCP to aid resilience and share learning. PSPS have also aligned BC Plans to S&ELCP	2	4	Medium (8)	Tolerate	BC Policy to be developed in 25/26 together with the establishment of a BC Steering Group with Terms of Reference to align with ISO22301 Business Continuity Mangement System	N/A	2	4	Medium (8)
SHDC19	Information	Risk of failure to comply with Information Governance and Management requirements	AD-G	Increased understanding of the public's right to information means that we have to be fully aware of our legal duties. The increase in data also means we have to be able to manage information more effectively, including reducing the amount of unnecessary data held.	Data protection breaches which can result in significant fines from the Information Commissioner's Office.	All employees receive annual online training in data protection. Arrangements are in place to ensure that the organisation is compliant with the new General Data Protection Regulation (GDPR) requirement, including lead staff attending training. PSPS also have a lead officer overseeing compliance. An experienced Data Protection Officer is in place who monitors training, compliance and development of policy; also, full assessment of any breaches, providing recommendations for continual improvement. There is now additional resilience with two qualified DPOs in place across the Partnership which allows for cover.	2	4	Medium (8)	Tolerate	Continued monitoring, reporting and training	N/A	2	4	Medium (8)
SHDC20	Capital Programme	Failure to deliver Major capital schemes within the capital programme	D-PD	Escalating costs Onsite Issues Grant funding withdrawal Non-compliance of grant funding obligations Insufficient Pre-project planning and specs (Brief-Creep) Partners withdrawal	Reputational Damage Financial impact Failure to deliver council objectives Reduced ability to secure future funding	Robust programme and project management Regular and structured reporting mechanisms Robust and effective governance (financial and project) Effective working with partners and 3rd Party delivery Risk transference and mitigation Requesting extra funding prior to project commencement where required	2	3	Medium (6)	Tolerate	Continued robust project management	N/A	2	3	Medium (6)
SHDC22	Local Government Reform (LGR) in Greater Lincolnshire	LGR would lead to the creation of new Councils to replace existing Councils	AD-C	English Devolution White Paper	If LGR proceeds, there will be a period of uncertainty for Members, Officers and the community.	Regular staff and member briefings are taking place to share the latest information. Councils will work together to ensure the community is well informed.	4	3	High (12)	Tolerate		N/A	4	3	High (12)
SHDC23	Health and Safety	Risk of failure to comply with Health and Safety requirements	AD-R	The Council has a clear responsibility to both staff and recipients of services under Health and Safety legislation and needs to effectively manage its responsibilities.	There can be consequences to the organisation's finances and reputation relating to non-compliance of health and safety requirements. There is also the risk of harm to individuals.	The establishment of the S&ELCP has increased the resilience and capability of the 3 partner councils. Resources can be more easily shared across the sub-region and procedures and policies are being harmonised, with assistance from PSPS, to provide a more efficient and effective approach towards H&S compliance. The partner Councils receive specialist Health and Safety advice from Public Sector Partnership Services who support the Partnership Health and Safety Governance Group (chaired by the Assistant Director – Regulatory) and each sovereign council Staff Health and Safety Forum. Both operate under agreed terms of reference and feed into the LT – Governance. LT Governance receive minutes and recommendations for approval from the Governance Group and the staff Forums. Policies and procedures are revised by PSPS, consulted upon through Staff H&S forums before being received and approved by the Governance Group and referred to LT Governance for information. Health and Safety is included within Internal Audit's annual audit plan.	3	3	Medium (9)	Treat	Director of communities is hosting fortnightly health and safety clinics with managers of outstanding actions to accelerate closure and completion. Objective is to reduce overdue outstanding actions to zero. An audit has been undertaken by a 3rd party auditor of overdue outstanding actions processes which has delivered an adequate assurance level has led to a number of recommendations which will be implemented through Q3 25/26 and Q4 25/26. A review of the SLA with PSPS is underway to ensure the service provider delivers for the partnership, secures service improvements and delivers the recs of the internal audit.	31/12/25	2	3	Medium (6)
SHDC24	AI Governance and Oversight	The rapid adoption of AI across council services may outpace governance, leading to unmanaged risks in data privacy, compliance, service quality, and public trust.	AD-C			AI Working Group, risk register, legal review, staff training and comms, regular monitoring by IT and Information Governance teams.	3	3	Medium (9)	Treat	AI Audit due to take place in Q4, this will give a broader understanding of areas we may need to improve AI governance and controls at which point we can review risk.	31/3/2026	2	3	Medium (6)

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Ref	Risk name	Risk description	Lead	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Target risk likelihood	Target risk impact	Target risk score
SELCP-01	Vision	A lack of clear and shared vision; the reasons for shared management and sharing of joint services	AD-C	The partnership exploration phase developed this understanding. Engagement with members to ensure the objectives of the business case were clearly understood, through the proposal recommendations, scrutiny process and final Council decisions. Adoption of a Sub-regional Strategy across the Partnership to embed shared vision, objectives and priorities. Quarterly stakeholder board meetings are underway which focus on ensuring the vision of the partnership is clear and aligned. A significant number of services have now aligned workforce through service reviews.	2	4	Medium (8)	Tolerate	2	4	Medium (8)
SELCP-02	Trust	A poor relationship or lack of trust between members, leaders or senior staff	CX	Openness, transparency and accessibility for all groups. Building on the existing positive relationships between Members and Officers	3	3	Medium (9)	Tolerate	3	3	Medium (9)
SELCP-03	Sovereignty	Concerns around the loss of sovereignty of a council	AD-G	Each Council continues to be governed by its own Constitution which is a key principle of the Memorandum of Agreement between the three Councils.	3	3	Medium (9)	Tolerate	3	3	Medium (9)
SELCP-05	Culture	A fundamental difference in the organisational culture of the councils	AD-C	A shared set of values and behaviours are in place across the Partnership and a significant number of services reviews have now taken place creating single teams serving the three Councils in many areas. A job evaluation and pay structure has also been introduced for shared officers	2	3	Medium (6)	Tolerate	2	3	Medium (6)
SELCP-06	LGR	Local Government Reorganisation (LGR)	CX	The South and East Lincolnshire Councils Partnership is designed to have a positive influence on Local Government Reorganisation in Lincolnshire. The Councils are working together to develop a proposal for Government in response to the invitation to Greater Lincolnshire from the Secretary of State.	4	3	High (12)	Tolerate	4	3	High (12)
SELCP-07	Funding	Local Government Funding	D-F	Local Government funding challenges are inevitable and evidenced by each partner's funding gaps. The business case assumes a shared opportunity for efficient services and shared commercial opportunities and provides a significant opportunity to respond to this on-going challenge.	4	4	High (16)	Treat	3	3	Medium (9)

Ref	Risk name	Risk description	Lead	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Target risk likelihood	Target risk impact	Target risk score
SELCP-08	Staffing	Staff retention and resilience	AD-C	<p>The workforce strategy is aligned across the 3 Councils. A training programme is in place to assist with both personal and professional development and to further develop the talents of individual employees. This programme sits alongside a package of personal support for staff. Managers are encouraged to have regular 'one to ones' with staff to ensure that they are fully supported in their roles. Appraisal process in place. We have launched our own recruitment academy which seeks to recruit and develop apprentices specifically in those services where it is harder to recruit. The new managers development programme has launched, with the first cohort inducted. We also continue to have in place our Future Leaders' Programme to support colleagues in their career development. Corporate Management Team invest time in mentoring colleagues within the organisation through both of these development programmes.</p> <p>Alignment and Delivery Plan in place to help manage the work programme. Services when bringing forward new initiatives to consider the capacity required and the need to bid for capacity if it can't be accommodated within existing resources. This matter was discussed at a recent internal conference for senior managers, email appears to be the biggest pressure and services are considering how they best manage this. Services have been informed they can bid into the transformation reserve for short term capacity if they have a suitable proposal.</p>	4	3	High (12)	Treat	3	3	Medium (9)
SELCP-09	PSPS	Relationship with PSPS	AD-C	<p>The Partnership's relationship with PSPS could become strained due to demands being placed on the company to support organisational change. This is mitigated via SLAs being in place setting out the work programme, regular client liaison meetings, PSPS Stakeholder Board being in place to direct the company strategically and a process for Additional Work Requests that manages additional work required by the company.</p>	2	3	Medium (6)	Tolerate	2	3	Medium (6)

Ref	Risk name	Risk description	Lead	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Target risk likelihood	Target risk impact	Target risk score
F-01	Assets - Equipment	Selling asset for less than market value; Collusion between staff and purchaser; Disposal of assets no longer required by the council	AD-GFA	Asset Disposal policy -within constitution; Asset register; Financial Regulations; Anti-Fraud & Corruption Strategy; Staff counter-fraud training; Segregation of duties - includes systems administration,raising and authorising of financial procurements; Internal Audit reviews; Whistleblowing Policy; Register of Gifts& Hospitality & Register of Interests; Counter-fraud page on website detailing how public can report fraud; Counter Fraud section on intranet; Financial Regulations training for all appropriate staff	1	1	Minimal (1)	Tolerate	1	1	Minimal (1)
F-02	Assets- land and Property SHDC	Selling asset for less than market value; Collusion between staff and purchaser - may include provision of insider knowledge (e.g. planning, leases& covenants)	AD-GFA	Asset Management Plan; Asset register; Segregation of duties; Independent valuation or auction; Financial Regulations; Anti-Fraud & Corruption Strategy; Staff counter-fraud training; Internal Audit reviews; Whistleblowing Policy; Register of Gifts & Hospitality/Register of Interests; Credit checks on potential purchasers; Counter-fraud page on website detailing how public can report fraud; Counter Fraud section on intranet	2	2	Low (4)	Tolerate	2	2	Low (4)
F-03	Assets- land and Property ELDC and BBC	Selling asset for less than market value; Collusion between staff and purchaser - may include provision of insider knowledge {e.g. planning, leases & covenants)	AD-GFA	Asset Management Plan; Constitutional Guidance for Asset Disposal; Legal Framework; Scheme of delegation for officers; Asset register; Segregation of duties; Independent valuation or auction; Financial Regulations; Anti-Fraud & Corruption Strategy; Staff counter-fraud training; Internal Audit reviews; Whistleblowing Policy; Register of Gifts& Hospitality/Register of Interests; Credit checks on potential purchasers; Counter-fraud page on website detailing how public can report fraud; Counter Fraud section on intranet	1	1	Minimal (1)	Tolerate	1	1	Minimal (1)
F-04	Procurement - Contracts	Credit/procurement cards; manipulation of accounts; false invoices & claims; BACS fraud - fraudulent change of bank details; mandate fraud; fake details for internet payments	PSPS - Finance	Financial Regulations; Anti-Fraud & Corruption Strategy- last reviewed March 2021, due this March for a review; Whistleblowing Policy Confidential Reporting Code -due in March; Segregation of duties for reconciliation; Reconciliation; Escalation of highvalue invoices; System team audited and logged; PCards- No cash withdrawals and card limits. Following P Card Review updated training issued. Process re-evaluated for checking transactions and receipts; Minor petty cash; Counter fraud training for the staff; Transparency reporting; Financial reporting training for all staff to be rolled out 2024; Segregation of duties within AP; confirmation with company regarding change of bank details; reconciliation; staff training	2	4	Medium (8)	Tolerate	2	4	Medium (8)

Appendix C

Ref	Risk name	Risk description	Lead	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Target risk likelihood	Target risk impact	Target risk score
F-05	Procurement - Contract Payments	Bribery of officers or Members involved in contract award; Collusion between officers and contractors involved in tendering; Violation of procedures; Manipulation of accounts; Asset Misappropriation; Fictitious requirement; Bid rigging & cartels; Failure to supply; Failure to supply to contractual standard; Inflating performance information to attract greater payments; Bid suppression; Price fixing; Bid rotation; Fictitious vendor	PSPS - Procurement	NAFN & fraud alerts; Contract procedure rules; Financial Regulations; Contract management; Contract Terms & Conditions; Code of Conduct; Whistleblowing policy; Register of Gifts & Hospitality/Register of Interests; Anti-Fraud & Corruption Strategy; Staff counter-fraud training; Internal Audit reviews; Separation of duties; Etender system - single login provides an audit trail; Contract management training; Transparency Code 2014 and Transparency agenda; CIPFA guidance - Managing the Risk of Procurement Fraud; Minimum quote dependant on value; Valuation methodology; Breach of contract clauses; Instant terminations; Self certificated questionnaires	2	4	Medium (8)	Tolerate	2	4	Medium (8)
F-06	Council Tax - Credit Refund and Income Fraud	Council tax/NNDR/Rents; Suppression of notification of debt to be raised; Improper write-off; Failing to institute recovery proceedings; Switching or transferring arrears; manipulation of credit balances; Payment using false/ fraudulent instrument then re-claim of refund; Employee based; false payment then request for refund	PSPS - Revs/Bens	Up to date Council Financial Regulations; Up to date Council Anti-Fraud & Corruption Strategy; Debit/credit card payments monitoring checking against pay.net system; Review of unusual activity; Refund to original card/bank account where appropriate; Authorisation procedures& levels; Checking against other accounts (Council Tax etc.) to ensure no other money owed to SELCP; Staff counter-fraud training; Audit trail/personal logins; Reconciliations; Budgetary controls; Write off policy; Debt recovery procedures; Supervisory controls; Review of credit balances and suspense items; Internal Audit reviews; Whistleblowing Policy; Counter-fraud page on website detailing how public can report fraud; Counter Fraud details on intranet; Financial Regulations training for all appropriate staff; Follow up payment sources	2	3	Medium (6)	Tolerate	2	3	Medium (6)
F-07	Council Tax Fraud	False applications; failure to notify change in circumstances	PSPS - Revs/Bens	Council Financial Regulations; Council Anti-Fraud & Corruption Strategy; National Fraud Initiative - data matching; Monitoring of council tax base; Application checks; Check electoral register; Information from planning re Developments where full planning not required; Checks on documentary evidence for exemptions; Visual inspection; Internal Audit reviews; Whistleblowing Policy; Separation of duties; Counter-fraud page on website detailing how public can report fraud; Single Person Discount review; Field officers available for investigations; Annual review of long-term empty properties	2	2	Low (4)	Tolerate	2	2	Low (4)

Appendix C

Ref	Risk name	Risk description	Lead	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Target risk likelihood	Target risk impact	Target risk score
F-08	Council Tax Support Scheme	False applications; failure to notify change in circumstances	PSPS - Revs/Bens	Most controls are the same as Housing Benefits; Council Anti-Fraud & Corruption Strategy; Council Tax Support policy; Counter-fraud page on website detailing how public can report fraud; Council Financial Regulations; Whistleblowing Policy; Inclusion in National Fraud Initiative (data matching) from October 2016; Closer working - Council Tax and Housing share intelligence and identify potential fraud opportunities (sharing intelligence - informal arrangement); Fraud hotline; Dedicated team for fraud hotline; DWP verification	2	2	Low (4)	Tolerate	2	2	Low (4)
F-09	National Non-Domestic Fraud	Failure to declare occupation; Payment using false bank details; Companies going into liquidation then setting up as new companies; Avoidance of liability through fraudulent claim for discount or exemption; Empty rate avoidance	PSPS - Revs/Bens	Up to date Council Financial Regulations; Up to date Council Anti-Fraud & Corruption Strategy; Ensure liable person identified for each assessment on the list; Information sharing with other Business Units; Inspections of occupied properties; Checking empty properties; Information from Landlords or letting agents; Public complaints- reports to valuation office; Internal Audit reviews; Whistleblowing Policy; Separation of duties; Register of Gifts & Hospitality/Register of Interests; Supporting evidence requested; Counter-fraud page on website detailing how public can report fraud; Use of Analyse Local to monitor threats; Field officers; Undertaking reviews; NFI Matching	3	3	Medium (9)	Tolerate	3	3	Medium (9)
F-10	Housing Benefit Fraud	False applications; False documents; Failing to notify change	PSPS - Revs/Bens	Housing Benefit Anti-Fraud Strategy; Annual participation in National Fraud Initiative; NFI coordinator; HBMS - Government housing benefit matching scheme; Use prosecution, caution & admin penalties; Key controls in the housing benefit application process - prevention & detection; Authorised officer powers- access to employers, landlords, banks & building societies; Council Financial Regulations; Experienced and trained benefits staff; Mandatory benefit counter fraud training; Combined database with revenues; Only accept original documents in support of claims; Subscription to National Anti-Fraud Network; Housing Benefit review; Communications & publicity; Internal Audit reviews; Whistleblowing Policy; Counter-fraud page on website detailing how public can report fraud; Council Tax and Housing teams sharing intelligence to identify potential fraud; Counter Fraud Hotline; Dedicated Team for Counter Fraud; Data matching from DWP; Full case reviews; Customer contact team thoroughly trained; Dedicated intranet page	2	2	Low (4)	Tolerate	2	2	Low (4)

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Ref number	Risk name	Risk description	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Planned action / future mitigation	Target risk likelihood	Target risk impact	Target risk score
SHDCHRA01	Business continuity	Risk around business continuity and recovery in the event of a major incident or event	3	3	Medium (9)	Tolerate	Continued partnership working with the Lincolnshire Resilience Forum (LRF)	3	3	Medium (9)
Page 119 SHDCHRA02	Health and Safety	Risk of failure to comply with Health and Safety requirements	2	3	Medium (6)	Tolerate	Continued monitoring and reporting	2	3	Medium (6)
SHDCHRA03	Risk oversight	Risk oversight reduced as part of the South and East Lincolnshire Councils partnership. Overseeing the risks including a regular review of the profile and acceptance of the mitigations of the service may be reduced due to a shared SLT	2	3	Medium (9)	Tolerate	Continued monitoring and reporting	2	3	Medium (9)

SHDCHRA04	Management of health and safety	Insufficient arrangements in place to monitor and manage compliance.	2	4	(Medium) 8	Tolerate	Continued monitoring and reporting	2	4	(Medium) 8
SHDCHRA05	Management of health and safety of DLO	Inadequate arrangements in place to meet the HSE requirements as a DLO employer	1	5	Medium (5)	Tolerate	Continued monitoring and reporting	1	5	Medium (5)
SHDCHRA06	Data	Inaccurate or incomplete data	1	3	low (3)	Tolerate	Continued monitoring and reporting	1	3	low(3)
SHDCHRA07	Listening to tenants	Failure to listen and respond to the tenant voice	2	2	Low (4)	Tolerate	Tenant panel training and launch - Feb/March 26	2	2	Low (4)
SHDCHRA08	Tenant engagement resource	Lack of appropriate resources in place to facilitate tenant engagement	3	3	Medium (9)	Treat	Council to adopt additional posts in Feb 26	2	3	Medium (6)

SHDCHRA09	Qualification requirements	Management Team not qualified to the prescribed standards of the Regulator	2	2	Low (4)	Treat	Housing Services Manager and Teanant Engagement Lead to enroll for studies during 2026. (Deadline is 2029)	2	2	Low (4)
SHDCHRA10	HRA business plan	HRA not having an agreed strategy on how to implement all of the matters identified for improvement, growth, BAU and transformation	1	1	low (1)	Tolerate		1	1	Low(1)
SHDCHRA11	Failure to meet Regulatory Consumer Standards	Failure to adapt the service to meet the new regulatory standards	2	2	Low (4)	Tolerate	Working towards C1, anticipated summer 2026	2	2	Low (4)
SHDCHRA12	Failure to self-refer to the regulator	Failure to self-refer to the regulator when a breach has been identified	1	3	Low(3)	Tolerate		1	3	Low(3)
SHDCHRA13	Impact of Awaab's law	Unable to deliver strict operating procedures set within legislation.	3	2	Medium (6)	Tolerate	Ongoing review of phases as MHCLG announces detail	2	2	Low (4)
SHDCRA14	Minimum Energy Efficiency Standards	Unable to meet Minimum Energy Efficiency Standards set within MHCLG consultation/MHCLG target for fuel poverty	3	3	Medium (9)	Treat	Apply for all available government funding and monitor MHCLG announcements - ongoing	2	2	Low (4)

SHDCHRA15	HRA business plan2	Failure to maintain the golden thread between the understanding of stock condition and investment need and what can be financed within the HRA Business Plan.	3	3	Medium (9)	Treat		1	3	Low(1)
SHDCRA16	Emergency repairs service (staffing)	Insufficient numbers of repairs operatives on the out-of-hours emergency repairs rota result in emergency repairs not attended within set timescales outside of working hours. Resulting in a breach of Awaabs law. Unable to deliver critical service to tenants.	3	4	High 12	treat	Review of standby pay rates for operatives being presented to Council 26 Feb 26 with consultation on terms and conditions to follow. Contracts for new repairs operatives to be amended to make this a mandatory term of contract (2 vacant posts being advertised and will have this written into their contracts).	1	1	Low(1)



Report To:	Governance and Audit Committee
Date:	19 th March 2026
Subject:	Regulation of Investigatory Powers Act (RIPA) 2000 – Annual Update
Purpose:	To advise Members of any RIPA regulatory activity in the last 12 months and any work needed to ensure arrangements across the Partnership remain compliant and provide assurance that our legal obligations are effectively managed.
Key Decision:	N/A
Portfolio Holder:	Councillor Jim Astill Portfolio Holder for Corporate and Environmental Services
Report Of:	Christian Allen Assistant Director Regulatory and Senior Responsible Officer (SRO) for RIPA
Report Author:	Christian Allen
Ward(s) Affected:	All
Exempt Report:	No

Summary

The purpose of this report is to provide Committee with an update on the Councils activities in respect of the Regulation of Investigatory Powers Act (RIPA) 2000. The report also seeks to update members on anticipated changes necessary to our Policy and Procedures landscape to reflect current guidance issued by the Home Office and the Investigatory Powers Commissioners Office (IPCO), the regulatory body that oversees compliance with RIPA by public bodies.

Recommendations

Members are invited to note the report and comment as appropriate.

Reasons for Recommendations

To ensure that Members are aware of the duties imposed on the Council by the Regulation of Investigatory Powers Act 2000 and the requirement to adopt policies processes and procedures that are compliant, up to date, relevant and fit for purpose.

Ensuring Members are informed about RIPA activity, policy and procedures demonstrates good governance and an organisational commitment to the obligations imposed by RIPA on public bodies and is a mandatory expectation of the IPCO.

Other Options Considered

None

1. Background

- 1.1 An update on RIPA activity was last presented to SHDC Governance and Audit Committee on 20th March 2025.
- 1.2 The South and East Lincolnshire Councils Partnership agreed to adopt a Partnership Regulation of Investigatory Powers Act 2000 Policy in 2024. The Partnership Policy was adopted by Boston Cabinet on 21st February 2024, by ELDC Executive Board on 24th February 2024 and SHDC Cabinet on 13th February 2024. The next review of this policy is due in 2027.
- 1.3 The last audit conducted by IPCO was a remote, self-assessment audit of all three Councils in November/December 2023. IPCO signed off the self-assessment audit as satisfactory and complete in January 2024, subject to a Partnership RIPA Policy being developed. The Policy was duly completed, approved by all three Councils Executive and submitted to IPCO in March 2024 with the Inspector providing final approval.
- 1.4 IPCO require an annual return be provided on RIPA related activity undertaken by each Council in January covering the previous calendar year. A *nil* return was submitted to IPCO for 2025, meeting the obligatory submission dates imposed by the regulator.

2. Report

- 2.1 The Regulation of Investigatory Powers Act (RIPA) 2000 was enacted to regulate the powers of public bodies that carry out surveillance and investigations as part of their functions including the potential interception of communications.
- 2.2 The Partnership RIPA policy, procedures and practices ensure that each Council complies with the requirements of the European Convention on Human Rights and the Human Rights Act 1998 when undertaking any investigative activities which may interfere with a person's right to respect for a private family life, home and correspondence.

- 2.3 The requirements of the European Convention on Human Rights, the Human Rights Act 1998 and RIPA potentially impact any Officers performing investigatory or enforcement activities. Officers, when determining whether to undertake covert investigative activities, must only do so in accordance with the requirements set out in RIPA and associated guidance and must seek approval from a Magistrates Court before doing so.
- 2.4 RIPA governs local authorities use of Directed Surveillance (surveillance of an individual/s without their knowledge for a specific purpose), use of a Covert Human Intelligence Source (use of informants or undercover officers) and access to communications data (obtaining subscriber information of a telephone number or internet user, etc). The investigatory activity involving directed surveillance must only be pursued if it is demonstrably lawful, necessary, proportionate and non-discriminatory.
- 2.5 The Investigatory Powers Commissioner's Office (IPCO) is the regulatory body designated to oversee the compliance arrangements of public bodies in their use of RIPA and from time to time, undertake audits of public authorities to evaluate compliance.

3. Regulation of Investigatory Powers Act 2000 Partnership Policy

- 3.1. The overarching RIPA 2000 Partnership Policy (March 2024 to February 2027) is currently up to date and does not require any amendment or revisions this year.

4. Partnership Body Worn Video (BWV) Policy 2025 - 2028

- 4.1. As part of our RIPA compliance activities last year, a Partnership Body Worn Video Policy was developed and adopted by all three sovereign councils. As well as ensuring compliance with our RIPA obligations the BWV Policy demonstrates an ongoing commitment to the health, safety and welfare of our staff, service users and anyone else affected by our activities.
- 4.2. This new policy ensures that Body Worn Video cameras are available to be used by front line officers where it is lawful, reasonable, justifiable and proportionate to do so.
- 4.3. The policy demonstrates that the most appropriate technical and organisational measures have been considered and implemented, integrating the principles of data protection into the processing of evidence/data gathered on these devices. Body Worn Video Cameras are an excellent tool for obtaining high quality evidence when undertaking regulatory and enforcement activities however, they are highly regulated and must be deployed appropriately and the information/data gathered managed correctly.
- 4.4. BWV devices will only be deployed when it is deemed necessary for the purposes of reducing aggression towards officers or in the gathering of evidence by trained staff. The policy sets out roles and responsibilities, provides staff with the correct procedures for collecting, downloading, processing, presenting and retaining evidence obtained from BWV devices.

5. New Partnership CCTV Policy 26/27

- 5.1. On behalf of the Partnership, Boston Borough Council manages a comprehensive public realm CCTV service that covers key public spaces, car parks, playing fields and other council owned assets. There is a Partnership CCTV Policy in place for public realm CCTV which is reviewed every three years.
- 5.2. The intention is that a new Partnership CCTV Policy will be developed to cover all CCTV cameras and systems currently in use across our three councils that fall outside of our public realm system, ensuring that these cameras/systems are lawful, reasonable, justifiable and proportionate and that the data held within these systems is stored, retained, reproduced and disposed of appropriately and in accordance with IPCO/Home Office guidance.
- 5.3. Approval and adoption of a new (non-public realm) Partnership CCTV Policy will be sought from the relevant Councils executive(s) during 26/27.

6. Training of Officers

- 6.1. It is essential that we are able to demonstrate to IPCO that Officers with designated responsibilities within our RIPA Policy and all other Officers that undertake enforcement activity and may need to gather evidence cognisant of our obligations under RIPA, have received appropriate training.
- 6.2. RIPA Refresher training for all Officers is on a 3-year rolling cycle. ActNow are our RIPA training provider and sufficient e-learning licences will be secured through our Partnership Training and Development Plan 2026/27 to ensure all officers due training are able to access e-learning.

7. Conclusion

- 7.1. There has been no audit undertaken by IPCO since the last update to this committee in 2025.
- 7.2. There has been no RIPA approved activity undertaken by any of the three Councils in the last year. A nil return was submitted to IPCO in January of this year through the regulators mandatory returns process.
- 7.3. The RIPA 2000 Partnership Policy (March 2024 to February 2027) is currently up to date and does not require any amendment or revisions this year.
- 7.4. The Partnership Body Worn Video Policy has been introduced and was approved by all three Councils last year.
- 7.5. Intent is to bring forward a Partnership CCTV policy in the 26.27 work programme to ensure that all council owned CCTV systems that fall outside of the public realm CCTV system managed by Boston Borough Council, are compliant with RIPA and associated guidance produced by IPCO and the Home Office.
- 7.6. All Officers in key roles and with RIPA designated responsibilities have access to training/refresher training commensurate with their obligations and at intervals

required under IPCO guidance. Ongoing training/refresher needs will be captured in the Partnership Training and Development Plan 2026/27.

Implications

South and East Lincolnshire Councils Partnership

By adopting a common approach to RIPA across all three councils, economies of scale, efficiencies and shared learning can be optimised across the Partnership. This sub regional approach also accords with the objectives set out in the Memorandum of Agreement and the Business Case for the South and East Lincolnshire Councils Partnership.

Corporate Priorities

None

Staffing

None

Workforce Capacity Implications

None

Constitutional and Legal Implications

Non - compliance with the legislation associated with covert surveillance leaves the Council open to evidential challenge to enforcement activities in the courts and potentially formal claims for compensation from individuals or corporate bodies should it be found that RIPA policy, guidance and procedures have not been followed. The Policy and training ensure all officers considering surveillance and making an application to do so are aware of the requirements of the legislation and the evidential burden they need to demonstrate when making an application to the courts.

Data Protection

The protection of data is implicit in our obligations and compliance with RIPA, guidance from the Home Office or IPCO and our own policies.

Financial

There are no specific costs inherent in compliance with RIPA. Mandatory training is identified in the annual Partnership Training Plan with costs met from the central training budget.

Risk Management

The Council may be exposed to legal, financial and reputational risk were it to undertake enforcement activity inconsistent with the obligations of RIPA. Hence it is important that our policy, practices and procedures are regularly reviewed to ensure that they are up to

date with IPCO and Home Office guidance. Adopting common policy, practices and procedures also provides the Partnership with improved resilience, capability and capacity to our RIPA arrangements.

Stakeholder / Consultation / Timescales

Consultation has been undertaken with the relevant Portfolio Holder, Monitoring Officer, Group Manager for Information Governance and Data Protection Officer and Section 151. The report has also been shared with those Officers with designated responsibilities in the overarching Partnership RIPA Policy.

Reputation

Non-compliance with the legislation associated with covert surveillance leaves the Council open to reputational damage should a formal claim for compensation from individuals or corporate bodies find RIPA policy, guidance and procedures have not been followed.

If any prosecution is undertaken, and that through disclosure it becomes clear that either our RIPA policy is not robust or it has not been followed, it may compromise the outcome of the prosecution as a result.

Contracts

None

Crime and Disorder

Compliance with the obligations of RIPA must be intrinsic to all enforcement activities undertaken by the Council.

Equality and Diversity / Human Rights / Safeguarding

Adopting an approach to RIPA that is consistent with IPCO and Home Office guidance will help to ensure that the Council is meeting its equality and diversity, human rights and safeguarding obligations.

Health and Wellbeing

None

Climate Change and Environment Impact Assessment

None

Acronyms

IPCO – Investigatory Powers Commissioners Office
RIPA – Regulation of Investigatory Powers Act (2000)
BWV – Body worn video
CCTV – Closed circuit television
BBC – Boston Borough Council
ELDC – East Lindsey District Council

SHDC – South Holland District Council
S&ELCP – South and East Lincolnshire Councils Partnership

Appendices

None

Background Papers

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

Chronological History of this Report

None

Report Approval

Report author: Christian Allen, Assistant Director Regulatory
Signed off by: Cllr. Jim Astill Portfolio Holder for Corporate and Environmental Services
Approved for publication: Jason King, Director of Communities

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Internal Audit Annual Plan 2026/27

To set out the annual plan of internal audit activity for 2026/27.
For the attention, consideration and approval of the committee.

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South Holland District Council
Internal Audit Annual Plan
2026-2027

Page 133

February 2026 Version 1.1

Introduction

The Role of Internal Audit

In accordance with the Global Internal Audit Standards, 2024 internal auditing strengthens the organisation's ability to create, protect and sustain value by providing the Board and management with independent, risk-based and objective assurance, advice, insight and foresight.

South Holland District Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Authority that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Council's objectives.

The aim of the internal audit work programme is to provide independent and objective assurance to management, in relation to the business activities, systems and/or processes under review that:

- the frameworks of internal control, risk management and governance are appropriate and operating effectively; and
- risks to the achievement of the Council's objectives is identified, assessed, and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Head of Internal Audit can ensure the most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control, and governance arrangements.

Internal audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant audit sponsors, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through continued contact and liaison with those responsible for the governance of the Council. Any material changes will be agreed with the Audit Committee and immaterial changes reported to the Audit Committee at the next progress update.

Your Internal Audit Team April 2026

Your internal audit service is led by Claire Goodenough as Head of Internal Audit (HIA) for Lincolnshire County Council (LCC), supported by Mark Harrison Audit Manager. The team comprises of auditors at various points within their career development, from Chartered auditors through to auditors working towards their certified qualifications.

The audit team consists of three audit managers, five principal auditors, and ten senior auditors. All auditors are members of professional bodies and hold a range of accountancy and audit qualifications. Quality assurance processes are embedded in all aspects of delivery, allowing high standards to be maintained. All work is overseen and signed off by the Head of Internal Audit.

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Conformance with Global Internal Auditing Standards (GIAS), 2024

The release of the new GIAS has been implemented in the toolkit, workflow and routine practices in operation across all the team's delivery. It will not be possible to demonstrate full conformance until sufficient delivery has taken place, however, systems and processes are sufficient to collect evidence to develop conformance from 2025/26 onwards.

GIAS requires audit services to have an external quality assessment every five years. In February 2022, CIPFA were commissioned to complete an external quality assessment of the Internal Audit Team at Lincolnshire County Council, concluding that

“Assurance Lincolnshire partnership’s self-assessment is accurate and as such we conclude that they FULLY CONFORM to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.”

The next external quality assessment is due in 2027 and the team will be collating data and evidence throughout 2026 to support the assessment when the date has been confirmed.

Conflicts of Interest

The audit teams have a standardized conflict of interest process, completed annually by all auditors as well as for each audit assignment. The HIA must review and sign off any conflicts or perceived conflicts that arise at any point in delivery. Assessments are made against individual assignments to ensure sufficiency in awareness and transparency. At the time of drafting the 2026/27 audit plan the HIA is not aware of any relationships that may affect the independence and objectivity of the team and would be required to be disclosed under the Global Internal Audit Standards. Internal audit is the only service provided to the Council.

Corporate Aims/Objectives

South Holland District Council's 2026–2027 aims focus on using assets efficiently to support key priorities, ensuring spending is affordable and aligned with the Medium-Term Financial Strategy, and promoting “invest to save” projects that improve long-term sustainability. The Council also aims to maximise funding opportunities through partnership working, responsibly manage capital and treasury activities within the Prudential Code, and dispose of surplus assets to generate new resources.

Developing the Internal Audit Plan for 2026/2027

The Head of Internal Audit utilised various information sources and data to inform the development of the internal audit plan.

In determining the areas of work covered by the internal audit team, various sources of information, shown in figure one, are utilised to inform the audit plan. This plan builds upon the assurance work delivered throughout 2025/26 and focuses on areas central to the Council's evolving operating environment—such as strengthening financial and governance arrangements, supporting the alignment of systems and processes across the Partnership, and providing assurance over transformation and efficiency activity identified through shared-service integration.

In accordance with the GIAS there is an acknowledgement that internal audit is most effective when it is independently positioned, free from undue influence and remains committed to making objective assessments. These principles are at the core of our delivery plans for the coming year and the establishment of a risk-based audit plan to align with the organisation's goals.

South Holland District Council and Committee are reminded that internal audit is only one source of assurance and through the delivery of this plan cannot, and do not, seek to cover all risks and processes within the organisation. Internal audit will continue to work closely with other assurance providers to ensure that duplication is minimised, and a suitable breadth of assurance is obtained.

The internal audit plan has been developed to specifically respond to and support the development of the Council through its continued alignment activity within the South & East Lincolnshire Councils Partnership, alongside its evolving governance responsibilities and service transformation agenda, if delivered in its entirety will be sufficient to provide a reliable statutory annual opinion. Consultation has taken place with relevant senior leaders.

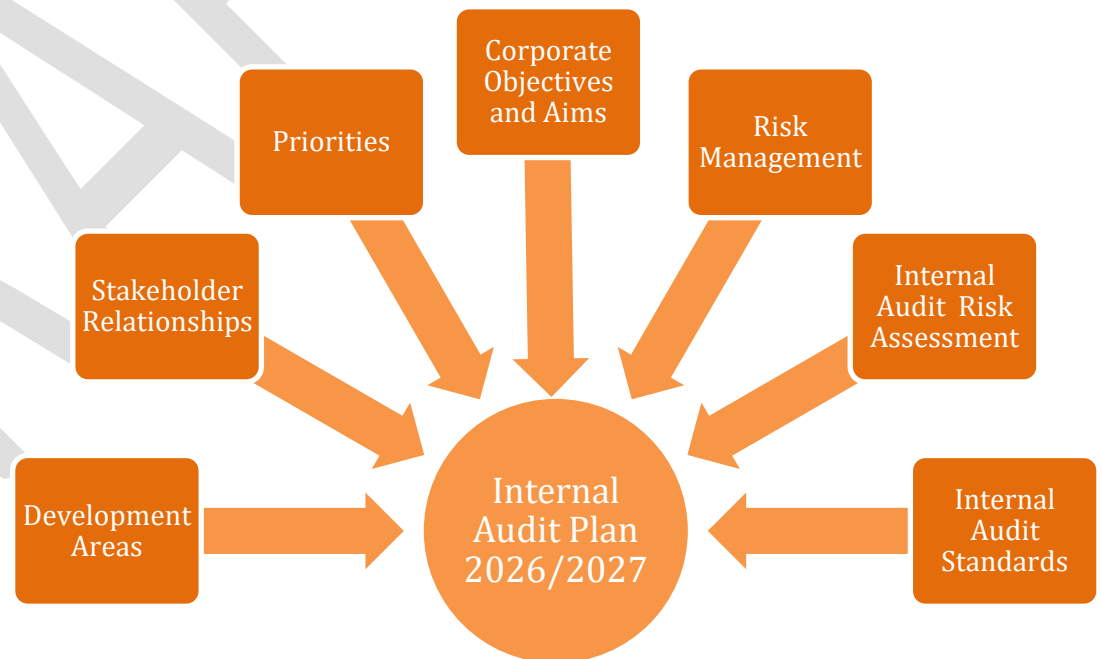


Figure 1

Internal Audit Plan 2026/27

Audit Review	Area	Audit Sponsor	Potential Scope	Risk Link	Proposed Timing
Risk Management: Training, Awareness, Engagement. (15)	GOVERNANCE	Governance and Monitoring Officer	The audit will review how effectively South Holland District Council promotes and embeds risk management through its training, awareness activities, and staff engagement. It will assess whether officers and members receive appropriate guidance, understand their responsibilities, and are supported by clear communication and training processes. The audit will also consider how well risk-aware behaviours are encouraged across services and whether monitoring and feedback mechanisms help strengthen the Council's overall risk management.	Risk Management	Q1
Payroll: Controls, Application and Implementation. (25)	FINANCE	Section 151 Officer	The audit will review whether South Holland District Council's payroll controls are designed and applied effectively, focusing on the accuracy, authorisation, and processing of payroll information. It will consider how well system checks, oversight arrangements, and control activities ensure payroll is reliable, compliant, and securely implemented across the organisation.	SHDC 14 - Budget	Q1
Waste Management: Change Management and Implementation Activity. (15)	COMMUNITIES	Director of Communities	The audit will review how effectively South Holland District Council manages and implements change within its waste management services, focusing on the planning, communication, and execution of service changes. It will consider whether change activities are clearly governed, whether operational impacts and risks are identified and managed, and whether staff, stakeholders, and residents are appropriately engaged during implementation. The review will also assess whether monitoring and feedback mechanisms support smooth transitions, continuous improvement, and the sustainable delivery of waste services.	SHDC12 - Waste Collection Round Pressures	Q4
Procurement Act: Compliance Testing. (20)	PROCUREMENT	Section 151 Officer	The audit will review how effectively South Holland District Council is implementing the requirements of the Procurement Act, focusing on compliance with updated procedures and the readiness of staff involved in procurement activity. It will assess whether key controls, guidance, and	SHDC16 - Third Party	Q2

Audit Review	Area	Audit Sponsor	Potential Scope	Risk Link	Proposed Timing
Savings: Accountability & Delivery. (15)	FINANCE	Section 151 Officer	The audit will review how effectively South Holland District Council identifies, monitors, and delivers planned savings, with a focus on accountability, governance, and transparency. It will consider whether responsibilities are clearly assigned, progress is accurately tracked, and reporting arrangements support timely oversight and informed decision-making. The review will also examine whether savings plans are realistic, supported by robust evidence, and implemented in a way that ensures sustainable financial outcomes.	SHDC 14 - Budget	Q3
GDPR Compliance. (20)	GOVERNANCE	Governance and Monitoring Officer	The audit will review how effectively South Holland District Council ensures compliance with GDPR requirements, focusing on how personal data is collected, stored, processed, shared, and retained across services. It will consider whether staff understand their responsibilities, whether policies and procedures are consistently applied, and whether governance, oversight, and monitoring arrangements adequately protect personal data and support ongoing compliance.	SHDC04 - Service Delivery	Q3
HR: Performance Management. (30)	CORPORATE	Assistant Director – Corporate	The audit will review how effectively South Holland District Council’s performance management framework supports consistent staff appraisal, objective-setting, and ongoing performance monitoring. It will consider whether roles and expectations are clearly communicated, whether performance discussions are carried out reliably across services, and whether HR oversight arrangements ensure that performance management is fair, consistent, and aligned with organisational priorities.	SHDC04 - Service Delivery	Q1
Audit Review	Area	Audit Sponsor	Potential Scope	Risk Link	Proposed Timing

Welland Homes: Governance, Reporting & Performance. (20)	HOUSING	Assistant Director – Housing	The audit will review how effectively Welland Homes is governed and overseen, focusing on whether governance structures, roles, and decision-making arrangements provide appropriate transparency and accountability. It will review the adequacy and reliability of reporting to the Council, and evaluate whether performance monitoring arrangements support informed scrutiny, financial sustainability, and effective delivery of Welland Homes' objectives.	SHDC 14 - Budget	Q4
Follow up reviews and Combined Assurance. (30)	GOVERNANCE	N/A	Assess validity and completeness of management actions to mitigate risks identified from 2025/6 programme and any 2026/7 management actions due. Overdue actions will be reported to management and audit committee.	Management Response	Qs1,2,3&4
Management Tasks			Quality, preparation, reporting and presentation.		Qs1,2,3&4

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Internal Audit Progress Report – March 2026

The Head of Internal Audit is required to provide a written status report to Senior Management and the Committee, summarising internal audit activity.

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- Appendix 1 – Overdue management actions.....13

Role of Internal Audit

The requirement for an internal audit function in local governance is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

'Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance.'

The standards relevant for the financial year 2025/26 relating to proper practices are laid down in the Global Internal Audit Standards, 2024 and the Application Note: Global Internal Audit Standards in the UK Public Sector, 2025.

The role of internal audit is best summarised through the purpose statement contained within the Standards, which states:

"Internal audit strengthens the organisation's ability to create, protect, and sustain value by providing the board and management within independent, risk-based and objective assurance, advice, insight and foresight.

Internal auditing enhances the organisation's:

- *Successful achievement of its objectives.*
- *Governance, risk management and control processes.*
- *Decision-making and oversight.*
- *Reputation and creditability with their stakeholders.*
- *Ability to serve the public interest.*

Internal audit is most effective when:

- it is performed by competent professionals in conformance with the GIIA Standards, which are set in the public interest.
- The internal audit function is independently positioned with accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

The Purpose of the Report

In accordance with the proper internal audit practices (Global Internal Audit Standards), and the Internal Audit Charter, the Head of Internal Audit is required to provide a written status report to Senior Management and Members summarising:

- the status of live internal audit reports.
- an update on progress against the internal audit plan.
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Head of Internal Audits annual opinion.

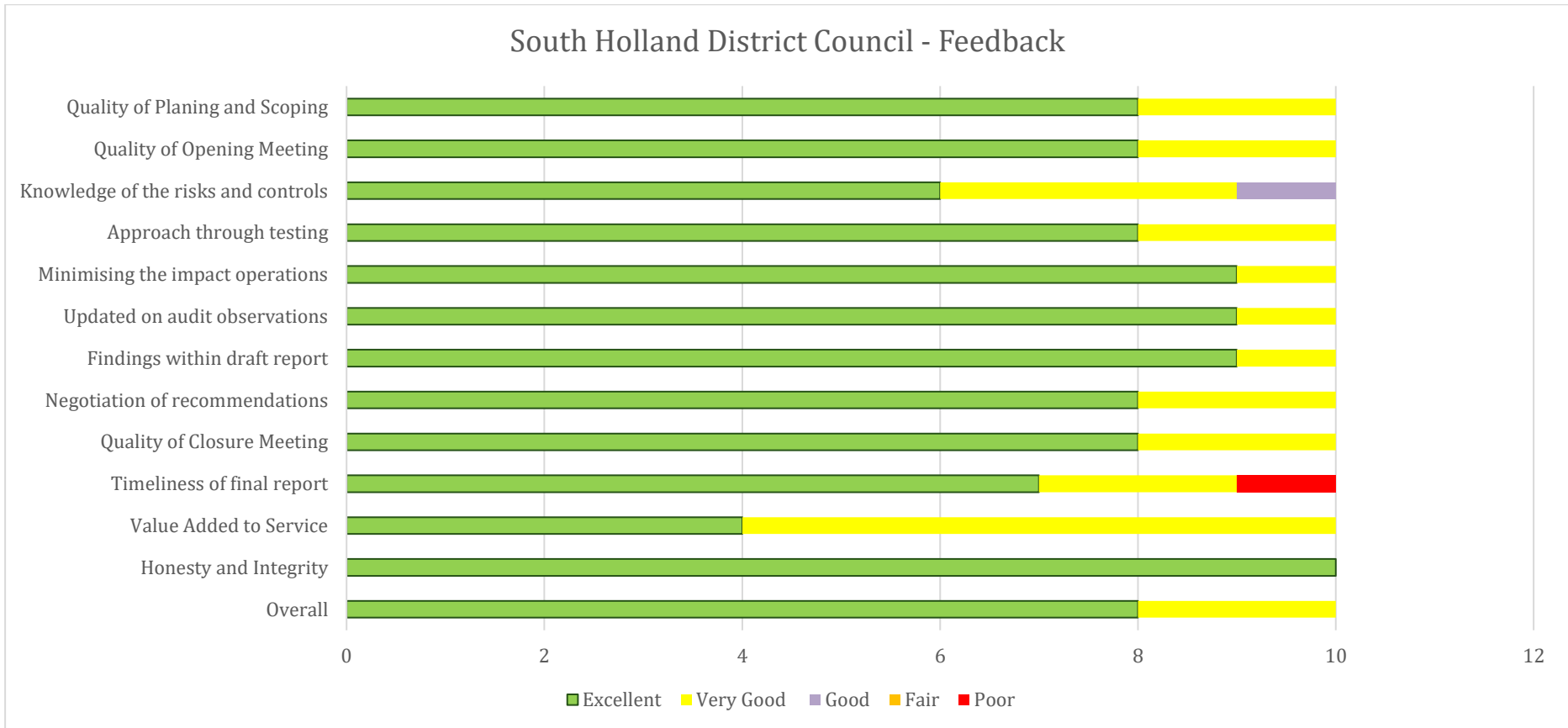
Internal audit reviews culminate in an opinion rating on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

- | | |
|--------------------|--|
| Substantial | A reliable system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. |
| Adequate | There is a generally reliable system of governance, risk management and control in place. Some issues of non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited. |
| Limited | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. |
| No | Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control are inadequate to effectively manage risks in the achievement of the objectives for the area audited. |

Internal quality assurance checks are undertaken at multiple points throughout assurance and advisory reviews. This culminates in the Head of Internal Audit signing off each audit report prior to its release which includes the approval of the final assurance award. This approach provides consistency in assurance ratings and robustness in the level of assurance the committee can take from assurances.

Performance Dashboard

Figure 1



Feedback is an essential aspect of our internal quality assurance programme. Post audit feedback questionnaires (PAQs) are issued after every audit assignment. For completed 2025/26 audits officers provided feedback responses to ten of the ten requests issued following completed audit assignments. The feedback when broken down was 102 Excellent, 26 Very Good, 1 Good and 1 Poor response.

Figure 1 summarises the feedback received from the following reviews risk register, ICT cyber security, leisure services, Section 106, health and safety actions, capital budget monitoring, PSPS contract management, administration of grants, Identification and Monitoring of Savings feedback from the advisory review relating to values. As demonstrated by the data, the majority of feedback received has been positive. The poor graded feedback concerns the ICT cyber security review delivered by a specialist third party, was discussed at the November audit committee.

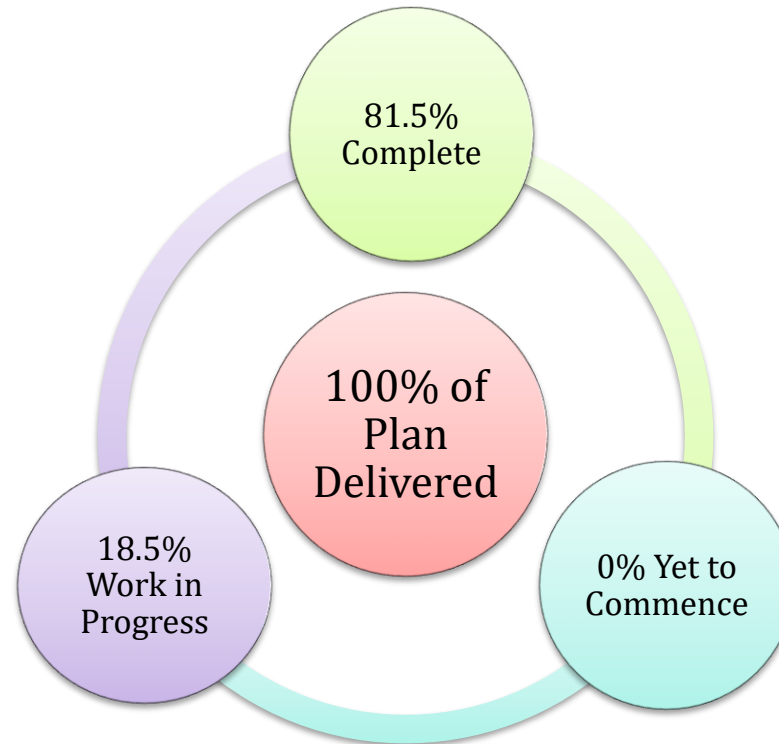


Figure 2 audit plan delivery

Figure 2 the internal audit plan is progressing as expected, with 81.55% of the plan completed at the time of writing. Tracking processes have been a focus for development during the current year along with improving and communicating the importance of tracking delivery and performance. The delivery model has delivered efficiency as a result of improvements made.

This financial year to date as seen the internal audit team adequately resourced to deliver the agreed audit plan, advisory engagements, and follow-up activity. The team utilised contingency within the annual audit plan to address risk-based needs arising during the year. In addition, the team continued to enhance its advisory function with the intention to and raise awareness and sharing lessons learned to support strong governance, effective risk management, and robust control processes.

There has been no recruitment during the current year as the team has no vacancies. All senior auditors are supervised by a qualified and skilled principal auditor. Management and quality processes have been sufficient to monitor conformance with the IIA’s Global internal Audit Standards and CIPFA’s Application Notes.

Analysis of ‘live’ Audit Reviews

Table 1

Internal audits in progress				
Assignment Area	Audit Profile	High Level Risks	Completion Due	Audit Sponsor
Finance Resilience including Skills Capacity and Management Code Compliance	High	Provide assurance on the administration of grants and funds. A fundamental enabler of the council’s corporate plan and key priorities. Review delivery, resource and risk management of grant funded programmes. At QA stage.	December 2025	Section 151 Officer

Table 2

Draft internal audit reports issued, awaiting management responses				
Assignment Area	Report due to Committee	Management Responses Overdue	Assurance Rating	Audit Sponsor
Planning	March 2026	None	Adequate	AD Planning
ICT AI Governance	March 2026	None	Adequate	AD Corporate
Disabled Facilities Grants	March 2026	None	Adequate	AD Communities and Housing Services
Identification and Monitoring of Savings	March 2026	None	Limited	Section 151 Officer
Welland Homes	March 2026	None	Adequate	AD Housing

Final internal audit reports completed		
Assignment Area	Assurance rating	Findings Summary
Identification and monitoring of savings	Insufficient Controls	The audit was unable to establish sufficient first or second-line controls to test for adequacy and fulfil the agreed assignment scope to provide a reliable assurance rating. Seven key findings were reported with five root causes identified. The recommendations included for management to take immediate action to implement effective, formal and management led controls to provide a foundation level for the control environment and that an assurance driven audit is rearranged to provide an update on systems and processes implemented. A repeat audit will be undertaken once sufficient controls have been implemented. This anticipated to be in quarter four.
Risk Register Review	Adequate	The review identified one high, four medium and one low rated finding requiring management action to address. Risk register for South Holland District Council met core requirements, but several risk entries lacked measurable outcomes, assigned ownership, and strategic objective alignment. Controls and mitigations were inconsistently recorded, with no formal validation process or assessment of effectiveness. Risk appetite was referenced but not formally defined or applied. Training records were unavailable due to the absence of a central tracking system. While oversight, by the Audit Committee and senior leadership was evident, report formats and executive summaries were often unclear or overly detailed. Strengthening documentation, formalising risk appetite, and improving strategic alignment and oversight would enhance risk management effectiveness.
ICT Cyber Security	Adequate	The review identified five medium rated findings requiring management action to address. Cyber security controls across South Holland District Council were generally well-managed, supported by a formal strategy, ICT roadmap, and structured governance. The IT team had defined roles and processes, with cyber risks reviewed and reported appropriately. A successful ransomware simulation and appropriate network monitoring were noted. Testing identified the absence of documented procedures for threat escalation, undefined remediation timescales, and unresolved vulnerabilities without senior approval. Threat scanning intervals did not align with vendor guidance, and oversight reports lacked full visibility of identified risks. Addressing these areas would strengthen cyber resilience and assurance.
Values (Advisory)	N/A	The review identified seven key findings. Internal Audit identified that South Holland District Councils commitment to its values framework through the workforce development strategy, though its revision for 2025/26 was delayed. Testing identified that values were not consistently linked to staff conduct codes, and the workforce strategy lacked provisions for accountability or consequences. Induction processes did not include a standard checklist for values training, limiting assurance. Communication methods varied, with some staff missing key information, and appraisals did not require reflection on values. Delays in

		completing appraisals further hindered performance discussions. Strengthening links between values, conduct, and performance processes would improve consistency and accountability.
Capital Budget Monitoring	Adequate	The review identified one medium rated finding requiring management action to address. Internal audit testing confirmed that updates to the capital budget monitoring process, completed in preparation for the 2025/2026 financial year, had been implemented effectively in Quarter one. Meetings with budget holders were documented using software, and agreed actions were recorded on SharePoint for monitoring, with relevant mitigations completed. Outcomes of these meetings were shared with Assistant Directors, and regular discussions were held with the Section 151 Officer regarding the position of budgets within the capital programme. Audit testing evidenced a clear audit trail for amendments to capital budgets, in line with financial regulations and procedures at each council. The Section 151 Officer had developed guidance for the 2026/2027 budget-setting process, including a review of the capital programme to ensure future revenue impacts were considered. The Capital Monitoring Team operated at full capacity, and further development was planned to ensure all expenditure was included in monitoring. Overall, internal audit testing confirmed that key risks relating to capital budget monitoring were managed effectively.
PSPS Contract Management	Adequate	The review identified eight medium and one low rated finding's requiring management action to address. Audit testing confirmed that the contract had been monitored by the Shareholder Board, Stakeholder Board, and Client Liaison Group, attended by councillors and officers from the partner councils and PSPS. KPIs were in place within individual Service Level Agreements and monitored through regular liaison, with systems established to ensure compliance with TECKAL guidance. A medium risk relating to the PSPS relationship was recorded in the partnership risk register, although one council's operational register did not include PSPS-related risks. The audit noted ongoing reviews of resourcing in finance and service delivery in light of potential Local Government Reorganisation changes. Separation of duties existed for PSPS Board members; however, not all councillor board members had declared their roles in published interests. While specific contract management was not in place, governance arrangements covered key elements effectively, though some internal controls required strengthening to maintain effectiveness.
Leisure Services Procurement	Substantial	No findings were identified during the review. Audit testing confirmed full compliance with the Public Contracts Regulations 2015 during Stages 1 and 2 of the procurement, with legal scrutiny applied at each stage and governance evidenced through senior leadership oversight, member briefings, and Joint Scrutiny Committee involvement. Documented procedures and templates had been followed, and evidence showed clear segregation of duties across procurement design, bid evaluation, legal review, and decision-making. Whistleblowing arrangements were in place across the councils and PSPS, reducing bias and supporting impartiality in line with Regulation 24. Testing of Stage 3 found no issues, and the procurement was expected to conclude within anticipated timelines, meeting regulatory requirements and strategic objectives. Overall, substantial assurance was provided that controls and processes for managing the procurement were operating effectively.

Section 106	Adequate	The review identified five medium rated findings requiring management action to address. Internal audit testing confirmed that documentation for the allocation of s106 funds was accurate and supported by regular stakeholder engagement. Monitoring records aligned with published Infrastructure Funding Statements (IFS) as required under the Community Infrastructure Levy Regulations, and budget monitoring was integrated with financial reporting. However, the statutory deadline for IFS publication was missed at ELDC and BBC, and s106-related risks were not formally recognised within operational risk registers. Delays in implementing the Uniform planning system also affected progress towards aligning planning processes across the partnership. While key risks were managed effectively, internal audit identified areas where controls could have been strengthened.
Health and Safety Actions	Adequate	The review identified four medium findings and one low requiring management action to address. The audit confirmed progress in monitoring and oversight of Health and Safety (H&S) actions since concerns were raised with the Senior Leadership Team (SLT). Improvements include a shared action tracker, H&S clinics, and consolidated reporting, strengthening accountability and closure evidence. Areas for enhancement include inconsistent timeliness of updates, reliance on informal escalation, and the absence of formal training and reporting frameworks. These do not undermine progress, but standardisation would further embed controls. Controls are operating effectively, but improvements are needed for greater accountability and consistency across the Partnership.
Administration of Grants	Adequate	The review identified four medium rated findings requiring management action to address. Audit testing confirmed that grant income had been accurately coded, aligned with expenditure, and fully reconciled across all three councils. Sampled grants were compliant with all terms and conditions and had complete audit trails from award to year-end reporting, with required returns submitted to oversight bodies. Although key controls had been operating effectively, the audit identified areas for improvement, including clearer responsibility assignments, more standardised monitoring, better continuity planning, and the need for a centralised grants register and stronger risk oversight. Good practice was noted in the preparation and review of Note 32 working papers, particularly at SHDC and BBC.

Executive Summaries of ‘Limited’ or ‘No’ Assurance Opinions

There have been no finalised limited assurance awards for April to December 2025.

Planning and Resourcing

Table 4 shows delivery progress against the annual audit plan agreed by the Committee in March 2025.

Table 5 show delivery progress for advisory engagements. The team retain a flexible approach to regularly reviewing our plan to ensure we can respond adequately to the council’s risk needs and profile should that change mid-year and agree to share changes or amendments with the audit committee along with risk-based rationale and any arising implications.

The audit team is adequately resourced to deliver the remainder of the audit plan for 2025/26. An annual report and opinion will be presented to the audit committee in July 2026 which will include outcomes all outcomes. It is expected the audit programme will be delivered in its entirety and will be sufficient to inform the annual audit opinion.

Table 4 – Audit plan delivery

Audit Review	Audit Sponsor	Scoping	Audit Objective	Fieldwork	Draft Report	Final Report	Assurance Opinion or Equivalent
ASSURANCE WORK 2024/2025							
Risk Register Review	Monitoring Officer	✓	✓	✓	✓	✓	Adequate
Capital Budget Monitoring	S151 Officer	✓	✓	✓	✓	✓	Adequate
ICT Cyber Security	AD Corporate	✓	✓	✓	✓	✓	Adequate
Identification and Monitoring of Savings	S151 Officer	✓	✓	✓	✓	✓	Insufficient Controls Report
PSPS Contract Management	S151 Officer	✓	✓	✓	✓	✓	Adequate

Leisure Services Procurement	AD Leisure & Local Services	✓	✓	✓	✓	✓	Substantial
Administration of Grants	S151 Officer	✓	✓	✓	✓	✓	Adequate
Section 106	AD Planning	✓	✓	✓	✓	✓	Adequate
Health and Safety Actions Implementation	Director of Communities	✓	✓	✓	✓	✓	Adequate
Planning	AD Planning	✓	✓	✓	✓		Adequate
Finance Resilience including Skills Capacity and management Code Compliance	Section 151 Officer	✓	✓	✓			
ICT AI Governance	AD Corporate	✓	✓	✓	✓		Adequate
Welland Homes	SLT	✓	✓	✓	✓		Adequate
Identification and Monitoring of Savings	S151 Officer	✓	✓	✓	✓		Limited
Disability Facilities Grants	SLT	✓	✓	✓	✓		Adequate

Table 5 – Advisory assignment delivery

Audit Review	Audit Sponsor	Scoping	Audit Objective	Fieldwork	Draft Report	Final Report	Assurance Opinion or Equivalent
ASSURANCE WORK 2024/2025							
Values	Monitoring Officer	✓	✓	✓	✓	✓	Not Applicable

Appendix 1 Overdue management actions

Table 6 below shows all actions now under internal audit management and oversight. During quarter four, follow up reviews are to be conducted covering 12 management actions. 42 actions were not due at the time of extracting the data. The audit team have improved follow up procedures now that the team are proficient in assessing the adequacy and effectiveness of management actions. A programme of delivery is in place to provide the committee with the residual risk should management actions remain outstanding after the agreed implementation date, or if actions fail to mitigate the finding and associated risk to the council.

Future reports will inform the committee should any dates be delayed by management alongside their rationale.

Table 6

Audit Year	Audit	Audit Report Date	Audit Sponsor	Assurance Opinion	Management Actions Total	Management Actions - Closed	Management Actions - Not Due	Management Actions - Follow Up Required	Open Management Actions - Risk Analysis			
									Critical	High	Medium	Low
2024/25	Budget Monitoring - Revenue	Mar-25	S151 Officer	Adequate	4	3	1	0	0	0	1	0
2024/25	SHDC-Housing Act	Mar-25	AD, Housing	Adequate	1	0	1	0	0	0	1	0
2024/25	Capacity, Aims and Priorities	Apr-25	AD, Corporate	Adequate	4	3	1	0	0	0	1	0
2024/25	Insurance	Jan-25	S151 Officer	Limited	8	6	2	0	0	2	0	0
2024/25	Towns Fund	May-25	Director, Econ Dev	Adequate	4	1	3	0	0	0	3	0
2025/26	Risk Register Review	Jul-25	AD, Governance	Adequate	6	0	6	0	0	1	4	1
2025/26	ICT Cyber Security	Aug-25	AD, Corporate	Adequate	5	4	1	0	0	0	1	0
2025/26	Capital Budget Monitoring	Sep-25	S151 Officer	Adequate	1	0	1	0	0	0	1	0
2025/26	Section 106	Oct-25	AD, Planning	Adequate	5	0	5	0	0	0	5	0
2025/26	PSPS Contract Management	Oct-25	S151 Officer	Adequate	9	0	9	0	0	0	8	1
2025/26	Health and Safety Actions	Jan-26	Director, Communities	Adequate	8	0	8	0	0	0	8	0
2025/26	Grants Administration	Jan-26	S151 Officer	Adequate	4	0	4	0	0	0	4	0
TOTAL					59	17	42	0	0	3	37	2

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Report To:	Governance and Audit Committee
Date:	Thursday 19 March 2026
Subject:	Governance and Audit Committee Work Programme
Purpose:	To set out the Work Programme of the Governance and Audit Committee
Key Decision:	N/A
Portfolio Holder:	Councillor Jim Astill Portfolio Holder for Corporate and Environmental Services. Councillor Paul Redgate, Portfolio Holder for Finance
Report Of:	Rhonda Booth, Democratic Services Manager
Report Author:	Andrea Tait, Democratic Services Officer
Ward(s) Affected:	n/a
Exempt Report:	No

Summary

This report sets out the Work Programme of the Governance and Audit Committee and recommends that the Committee considers the Work Programme and identifies any additional items to be added to the Programme.

Recommendations

That the Committee considers the content of this report and identifies any issues for discussion.

Reasons for Recommendations

To allow Committee members to feed into the Work Programme on a regular basis, to ensure that it stays relevant and up to date.

Other Options Considered

Do nothing

1. Background

- 1.1. The Governance and Audit Committee regularly considers a variety of reports from Internal Audit, External Audit and the Section 151 Officer.
- 1.2. Many of these reports are considered at regular intervals, the majority being annually, half-yearly or quarterly.
- 1.3. In addition to these reports, the Committee also considers issues on an ad-hoc basis with some reports arising from consideration of items at previous meetings.

2. Report

- 2.1 Attached at Appendix 1 to this report is the Work Programme for the Governance and Audit Committee. It lays out the meeting dates for the 2025/26 municipal year. Alongside each of these meeting dates are issues considered by the Committee on a regular basis together with the author of the report, its purpose and whether it is mandatory, and the frequency with which it is considered. Indicative items pending confirmation of meeting dates for 2026/27 have been included.
- 2.2 It has been agreed that this Work Programme be a regular item for consideration on the Committee's agenda, thus creating a formal document laying out the work of the Committee in a clear, structured, and organised way.
- 2.3 The attached document contains items considered on a regular basis, and also any ad hoc issues as and when they arise, for example, issues raised at a meeting to be covered at a future meeting, and any one-off issues.
- 2.4 Attached at Appendix 2 is a schedule of training that has been undertaken since 2023. The document allows for the inclusion of suggested future topics for training. The purpose of Appendix 2 is to provide information and to monitor progress of training undertaken by Governance and Audit Committee members.

3. Conclusion

- 3.1 In presenting the information to the Committee, and by having the report as a standing item on the agenda, Committee members are able to feed into the Work Programme on a regular basis, to ensure that it stays relevant and up to date.

Implications

South and East Lincolnshire Councils Partnership

None

Corporate Priorities

None

Staffing

None

Workforce Capacity Implications

None

Constitutional and Legal Implications

Constitutional and Legal implications have been considered and in the opinion of the author, there are none arising from this report. However, the Work Programme should assist in providing a clear programme of work for the Governance and Audit Committee in line with the requirements laid out in the Council's Constitution.

Data Protection

None

Financial

None

Risk Management

Risk Management implications have been considered and in the opinion of the author there are none. However, one of the roles of the Governance and Audit Committee is to monitor the effective development and operation of risk management and corporate governance in the Council, and the Work Programme should assist in keeping track of risk issues.

Stakeholder / Consultation / Timescales

None

Reputation

None

Contracts

None

Crime and Disorder

None

Equality and Diversity / Human Rights / Safeguarding

None

Health and Wellbeing

None

Climate Change and Environmental Implications

None

Acronyms

None

Appendices

Appendices are listed below and attached to the back of the report:

- Appendix 1 Work Programme for the Governance and Audit Committee
- Appendix 2 Governance and Audit Committee training information

Background Papers

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report

Chronological History of this Report

A report on this item has not been previously considered by a Council body

Report Approval

Report author: Andrea Tait, Democratic Services Officer,
atait@sholland.gov.uk

Signed off by: John Medler, Assistant Director - Governance (Monitoring Officer) john.medler@e-lindsey.gov.uk

Approved for publication: John Medler, Assistant Director - Governance (Monitoring Officer) john.medler@e-lindsey.gov.uk



SHDC GOVERNANCE AND AUDIT COMMITTEE TERMS OF REFERENCE

COUNCIL BODY:	MEMBERSHIP:	FUNCTIONS / TERMS OF REFERENCE:
Governance and Audit Committee	<p>7 non-Cabinet members, excluding the Chairman of the Council and the Chairman of the Performance Monitoring Panel and Policy Development Panel</p> <p>Quorum 3 (SO 38)</p> <p>Substitutions are not permitted.</p> <p>Up to 2 Co-opted Independent members.</p>	<p>The purpose of the Governance and Audit Committee is to monitor governance, risk management and internal control arrangements at the Council, to provide independent assurance that these are effective and efficient.</p> <p>This is achieved through key regular items received by the Committee in relation to, but not limited to; internal and external audit, key finance items, governance reviews and strategic risk management reporting.</p> <p>Internal Audit</p> <ol style="list-style-type: none"> 1. To consider and approve annually the Internal Audit plan of work, considering the scope and depth of the work in addressing the Council's significant risks and issues. 2. To consider the outcomes of the internal audit plan of work and to monitor management's progress in implementing agreed audit recommendations. 3. To consider and approve the Annual Report and Opinion of the Head of Internal Audit, ensuring that the systems of internal control, governance and risk management have been effective and efficient over the course of the year. 4. To consider the performance of the internal auditors in relation to the adherence to the Public Sector Internal Audit Standards. <p>External Audit</p> <ol style="list-style-type: none"> 5. To consider annually the External Audit plan of work. 6. To consider External Audit reports and letters.

		<p>Accounts / Finance</p> <p>7. To consider the extent of the Council's compliance with its own and other published financial statements and controls.</p> <p>8. To review and approve the annual Statement of Accounts and the Annual Governance Statement contained therein.</p> <p>9. To approve the Council's Treasury Management Strategy & Policy and subsequent performance against this.</p> <p>Risk Management</p> <p>10. To monitor and approve policies for the effective development and operation of risk management and corporate governance in the Council.</p> <p>Governance</p> <p>11. To review the Council's arrangements for governance, with particular regard to the Local Code of Corporate Governance.</p> <p>12. To review allegations from whistleblowers; and to review and approve all Council policies and strategies that relate to the prevention of fraud and corruption including (but not limited to) policies on counter fraud, whistleblowing and money laundering.</p> <p>13. To hold periodic private discussion with the Head of Internal Audit and the External Auditors to review working relationships and discuss any pertinent issues.</p> <p>14. To commission ad-hoc work from internal and external audit.</p> <p>15. To report annually to Full Council on the Committee's work and performance during the financial year.</p> <p>16. To assess the Committee's own effectiveness on an annual basis against best practice.</p>
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**GOVERNANCE AND AUDIT – CALENDAR OF WORK PROGRAMME ITEMS 2025/26
(including indicative 2026/27 items)**

GOVERNANCE LEAD: JOHN MEDLER | FINANCE LEAD: SAMANTHA KNOWLES (PSPS)

Date of Meeting	Agenda item	Author	Purpose and whether mandatory	Frequency
19 March 2026	Q3 Risk Report 2025/2026	Business Intelligence and Change Manager	Part of Governance role – not mandatory	Quarterly
	Q3 Treasury Report 2025/2026	Treasury and Investment Manager PSPS	To comply with Treasury Management Strategy reporting requirements	Quarterly
	Internal Audit Plan 2026/27	Internal Audit Manager	Annual Internal Audit Workplan - Mandatory approval	Annual
	Financial Statements - Accounting Policies 2025/26	Head of Finance Delivery - Technical and Corporate (PSPS)	Not mandatory, but good practice.	Annual
	Internal Audit Progress Report 2025/26	Internal Audit Manager	To update Committee on progress of the plan. Not mandatory, but part of Governance role.	Twice per year
	Update in respect of RIPA 2000	Information Manager / Data Protection Officer	To provide the Committee with an update to the Council's Policy and Procedures on the Regulation of Investigatory Powers Act 2000 (RIPA Policy) and it's use and to provide assurance and information.	Annual
	External Audit Strategy and Planning Report 2025/26	External Audit Manager KPMG	Mandatory Approval	Annual

Indicative Work Programme 2026/27

2026/27 <i>All meeting dates TBC</i>	Agenda item	Author	Purpose and whether mandatory	Frequency
July 2026	Q4 Risk Report 2025/2026	Business Intelligence and Change Manager	Part of Governance role – not mandatory	Quarterly
	Internal Audit Annual Report and Opinion 2025/26	Internal Audit Manager	Internal Audit opinion to support draft Annual Governance Statement Mandatory	Annual
	Annual Treasury Report 2025/26	Treasury and Investment Manager (PSPS)	To comply with Treasury Management Strategy - Mandatory	Annual
	Annual Governance Statement 2025/26	Group Manager Insights and Transformation	To approve the Annual Governance Statement	Annual
	Unaudited Financial Statements 2025/26	The Head of Finance Delivery – Technical and Corporate (PSPS)	To approve financial statements prior to release to External Audit. Mandatory	Annual
	Combined Assurance Status Report 2025/26	Assistant Director – Governance (Monitoring Officer)		Annual
Sept 2026	Q1 Risk Report 2026/27	Business Intelligence and Change Manager	Part of Governance role – not mandatory	Quarterly
	Q1 Treasury Report 2026/27	Treasury and Investment Manager PSPS	To comply with Treasury Management Strategy reporting requirements	Quarterly
	Internal Audit Progress Report 2026/27	Internal Audit Manager	Not mandatory, but part of Governance role.	Twice per year
	External Auditors Progress Report 2026/27 – <i>verbal update</i>	External Audit Manager KPMG	Good practice	Each meeting
	Governance and Audit Annual Report	Democratic Services	Good practice - SHDC Constitution states that committee work activities be reported annually to Council	Annually

2026/27 <i>All meeting dates TBC</i>	Agenda item	Author	Purpose and whether mandatory	Frequency
	Local Code of Corporate Governance	Assistant Director – Governance (Monitoring Officer)/ Scrutiny and Policy Officer	To approve the updated Local Code of Corporate Governance. Not mandatory, but best practice.	3 yearly
	Governance and Audit Self Assessment Action Plan	Assistant Director – Governance (Monitoring Officer)	Good Practice	Annual
Nov 2026	Q2 Risk Report 2026/27	Business Intelligence and Change Manager	Part of Governance role – not mandatory	Quarterly
	Treasury Management Mid-Year report 2026/27	Treasury and Investment Manager PSPS	To comply with Treasury Management Strategy reporting requirements	6-monthly
	Audited Financial Statements including Annual Governance Statement 2026/27 (<i>goes with same meeting as External Audit Completion Report below</i>)	The Head of Finance Delivery – Technical and Corporate (PSPS)	To approve financial statements prior to release to External Audit - Mandatory	Annual
	External Audit Completion Report 2026/27 (ISA 260)	External Audit Manager KPMG	Mandatory report to those charged with Governance	Annual
	External Auditor's Annual Report 2026/27	External Audit Manager KPMG	Mandatory	Annual
	Information Governance Annual Report	Information Manager / Data Protection Manager	Mandatory	Annual
	Annual Governance Statement Action Plan	Suzanne Rolfe	Good practice	6-monthly
Jan 2027	Draft Treasury Management Policy and Treasury Management Strategy Statement, Minimum Revenue	The Head of Finance Delivery – Technical and Corporate (PSPS)/	Mandatory requirement. To review Treasury Management Strategy and approve Prudential	Annual

2026/27 <i>All meeting dates TBC</i>	Agenda item	Author	Purpose and whether mandatory	Frequency
	Provision Policy Statement and Annual Investment Strategy 2027/28	Treasury and Investment Manager PSPS	Indicators.	
	Internal Audit Progress Report	Internal Audit Manager	To update Committee on progress of the plan. Not mandatory, but part of Governance role.	Twice per year min
March 2027	Combined Assurance Status Report 26/27	Assistant Director – Governance (Monitoring Officer)		Annual
	Q3 Risk Report 2026/27	Business Intelligence and Change Manager	Part of Governance role – not mandatory	Quarterly
	Draft Internal Audit Plan 2027/28	Internal Audit Manager	Annual Internal Audit Workplan - Mandatory approval	Annual
	Financial Statements – Accounting Policies 2026/27	Deputy Chief Finance Officer PPS	Not mandatory, but good practice.	Annual
	Internal Audit Progress Report	Internal Audit Manager	To update Committee on progress of the plan. Not mandatory, but part of Governance role.	Twice per year min
	Update in respect of RIPA 2000	Information Manager / Data Protection Officer	To provide the Committee with an update to the Council's Policy and Procedures on the Regulation of Investigatory Powers Act 2000 (RIPA Policy) and its use and to provide assurance and information.	Annual
	External Audit Strategy and Planning Report 2026/27	External Audit Manager KPMG	Mandatory Approval	Annual
	Q3 Treasury Report 2026/27	Treasury and Investment Manager PPS	To comply with Treasury Management Strategy reporting requirements	Quarterly

The following item to be added to the Committee's Work Programme on an ad hoc basis, where there is information to report:

- **Code of Corporate Governance** – to adopt the updated Local Code of Corporate Governance, mandatory, to be reviewed every 3 years - last reviewed 19 September 2023.
- **Whistleblowing Policy and Procedure** – to be reviewed every 3 years - last reviewed 29 January 2026.
- **Counter Fraud, Bribery and Anti-Corruption Policy** - to be reviewed every 3 years - last reviewed 13 November 2025.

South Holland Governance & Audit Committee - Training Undertaken and Suggested Future Topics

Title	Format / Provider	Date
Introduction to Local Government Finance (as part of Induction)	Chief Finance Officer/ external trainer	17 July 2023
Governance and Audit Committee training	Dems/Finance Officers/MO Ilan Fifield external trainer Ilan Fifield external trainer	12 June 2023 23 June 2025 (whole committee) 14 July 2025 (Chair & Vice Chair specific)
Governance, Code of Conduct, Committee Structure (as part of the Induction)	Monitoring Officer	16 May 2023
Unaudited Financial Statements	Sam Knowles & Ellie Stacey	9 March 2023
End of Year Accounts	Sam Knowles & Ellie Stacey	As needed
Draft Accounts Training	Sam Knowles & Ellie Stacey	9 March 2023
Pensions	Lincolnshire County Council	9 June 2025
Governance	Induction training: John Medler	16 May 2023

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Ethics	Induction training: John Medler	16 May 2023
Standards	Induction training: John Medler	16 May 2023
Finance	External provider / Sam Knowles - all Member induction training	17 July 2023
Statement of Accounts	Chief Finance Officer PSPS Detailed session	11 September 2023
Treasury Management	1/ Induction training - Treasury and Investment Manager. 2/ Member Treasury Management Training - Link Group virtual	16 May 2023 22 October 2024
Audit	Induction training - Internal Audit Manager	16 May 2023
Cyber Security	ICT	Online modules October 2023
Risk Report training	Suzanne Rolfe / Corey Gooch	22 October 2025

Future Topics	Plans for Delivery	How and When
Discussion from Self-Assessment Exercise: <ul style="list-style-type: none"> Skills audit 	In house – Rebecca James	Skills audit sent to members Q4 2025/26.