

Governance and Audit Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Tuesday, 16 July 2024 at 10.00 am
Council Chamber - South Kesteven House,
St. Peter's Hill, Grantham. NG31 6PZ

Committee Councillor Tim Harrison (Chairman)
Members: Councillor Helen Crawford (Vice-Chairman)

Councillor Bridget Ley, Councillor Charmaine Morgan, Councillor Rob Shorrock,
Councillor Peter Stephens, Councillor Paul Stokes, Councillor Mark Whittington and
Councillor Sue Woolley

Agenda

10. **Draft Annual Governance Statement 2023/24** (Pages 3 - 20)
To provide Governance and Audit Committee an opportunity to review
the Draft Annual Governance Statement 2023/24, attached at Appendix
A, ahead of its inclusion within the Statement of Accounts.

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Governance and Audit Committee

Tuesday, 16 July 2024

Report of Councillor Philip Knowles,
Cabinet Member for Corporate Governance and Licensing

Draft Annual Governance Statement 2023/24

Report Author

Tracey Elliott, Governance and Risk Officer

 tracey.elliott@southkesteven.gov.uk

Purpose of Report

To provide Governance and Audit Committee an opportunity to review the Draft Annual Governance Statement 2023/24, attached at Appendix A, ahead of its inclusion within the Statement of Accounts.

Recommendations

That the Committee considers the contents of the report and provides feedback on the Draft Annual Governance Statement attached at Appendix A.

Decision Information

Does the report contain any exempt or confidential information not for publication? No

What are the relevant corporate priorities? Effective council

Which wards are impacted? (All Wards);

1 Implications

1.1 Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

1.2 There are no direct financial implications arising from this report.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

Legal and Governance

1.3 There are no further legal or governance implications that are not already covered in the body of the report.

Completed by: James Welbourn, Democratic Services Manager and Deputy Monitoring Officer

Risk and Mitigation

1.4 The Annual Governance Statement is a statutory document that is required to be produced in accordance with the Accounts and Audit Regulations 2015. Failure to produce an Annual Governance Statement would result in the Council being in breach of its statutory obligations.

Completed by: Tracey Elliott, Governance and Risk Officer

2 Background to the Report

2.1 The Accounts and Audit Regulations 2015 Regulation 6(1)(a) requires an authority to conduct a review of the effectiveness of the system of internal control and prepare a statement on the review with any published Statement of Accounts – this is known as the Annual Governance Statement.

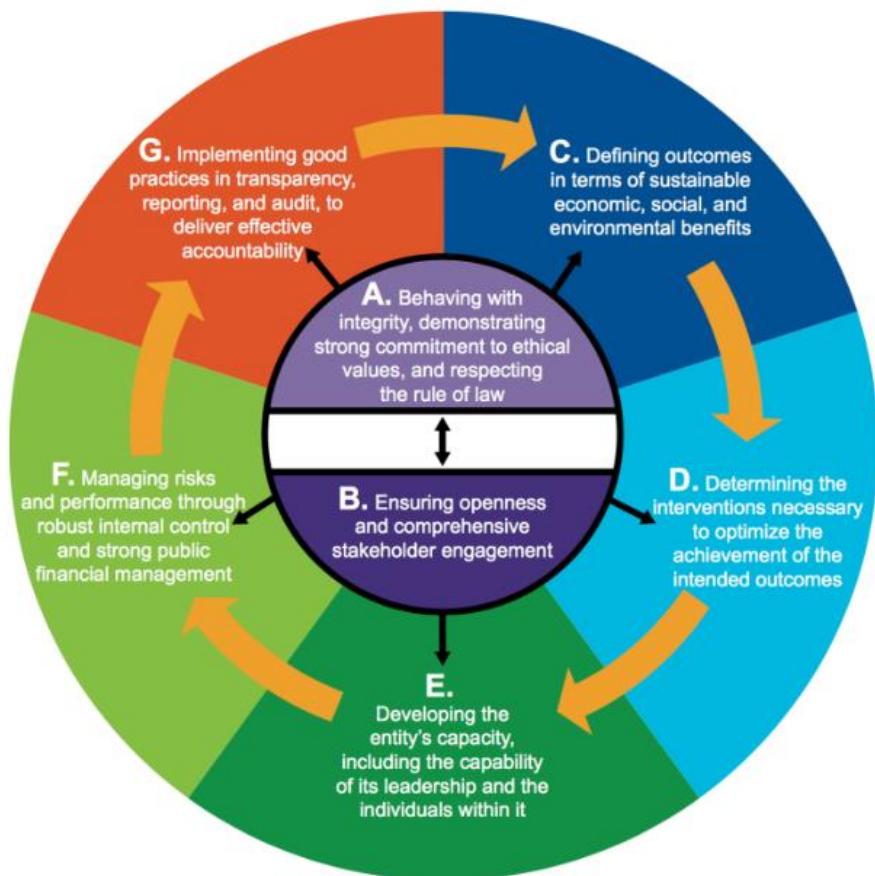
2.2 On an annual basis the Leader of the Council and the Chief Executive publish an Annual Governance Statement that:

- assesses how the Council has complied with the Local Code of Corporate Governance, which has been produced in accordance with the principles and requirements contained within the framework established by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in the publication, Delivering Good Governance in Local Government Framework (2016 Edition) – further information below in 2.3
- provides an opinion of the effectiveness of the Council's arrangements
- provides details of how continual improvement in the systems of governance will be achieved

2.3 The 'Delivering Good Governance in Local Government: Framework' sets the standard for local authority governance in the UK. The concept underpinning the Framework is to support local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The purpose of the Framework is to assist authorities individually in reviewing and accounting for their own unique approach, with the overall aim to ensure that:

- resources are directed in accordance with agreed policy and according to priorities
- there is sound and inclusive decision making
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities

2.4 The Framework sets out seven core principles of governance as detailed in the diagram below, and illustrates that good governance is dynamic and involves continuous evaluation and review:



The Framework is applied when compiling the Annual Governance Statement with the Council providing assurances over its governance arrangements, together with identifying areas of future focus and improvement.

2.5 The Draft Annual Governance Statement, attached at Appendix A, consists of:

- Foreword from the Leader of the Council and the Chief Executive
- Key elements of the Council's Governance Framework 2023/24
- How the Council has complied with the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework
- Governance Framework for 2023/24
- Review of Effectiveness
- Assurance Statement Review
- Governance key area of focus for 2024/25

2.6 The 'Governance key area of focus for 2024/25' will be the delivery of:

- East Midlands Councillor Development Charter
- Little Ponton and Stroxtton Community Governance Review
- Review of the Officer Code of Conduct
- Lead officer established, who is an Accredited Counter Fraud Specialist, to investigate all whistleblowing reports
- Lessons learnt report to be produced at the end of each key event/project
- Use of data (Oflog, Government, benchmarking) to be used to assist in decision making
- Lesson learnt review on complaints to stop reoccurrences
- Investment in technology – Asset Management system and Financial System
- Leisure Option Appraisal

3 Reasons for the Recommendations

3.1 Members are required to ensure the draft Annual Governance Statement adequately reflects the financial year 2023/24 and that it sufficiently portrays the overall governance framework for the Council. This is a requirement of Regulation 6(1)(b) of the Accounts and Audit Regulations 2015 to prepare an annual governance statement.

4 Appendices

4.1 Appendix A – Draft Annual Governance Statement 2023/24

Draft Annual Governance Statement

2023/24



SOUTH
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COUNCIL

Contents

Foreword	3
Key elements of the Council's Governance Framework 2023/24	4
How we comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Solace Framework	5
Governance Framework for 2023/24	9
Review of effectiveness	10
Follow-up on last year's key areas of focus	12
Governance issues	13

Foreword

Welcome to South Kesteven District Council's Annual Governance Statement for the period 1 April 2023 to 31 March 2024.

Governance is about how local government bodies ensure that they are doing the right things in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. This includes complying with legislation, making evidence-based decisions within a clear framework, displaying a healthy culture, behaviour and values, whilst ensuring transparency, equity and accountability, engaging with and where appropriate, leading their communities.

The Annual Governance Statement (AGS) is a public report by the council on the extent to which it complies with its governance code, legislation, directives and regulations and its performance and effectiveness of its governance arrangements during the year, and any planned changes in the coming period following assessment by external bodies including auditors, other regulators and peers. It conforms to the Council's Local Code of Corporate Governance and covers all significant corporate systems, processes, and controls across all Council activities.

The Council expects all members, officers, partners and contractors to adhere to the highest standards of public service with particular reference to the Officer and Member Code of Conduct, Constitution, Corporate Vision and Values, and Corporate Priorities as well as applicable statutory requirements.

This document describes our Governance arrangements and their effectiveness. This document is drawn from a number of assurance mechanisms which includes External Audit, our overall governance and decision making framework, the Scrutiny function, the work of advisors and regulators, the Governance and Audit Committee and the Internal Audit Function.

The system of internal control is an important part of the Governance Framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, priorities, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise risks to the achievements of the council's policies, priorities, aims and objectives. It also evaluates the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. Strategic risks are reported to the Governance and Audit Committee bi-annually.

As part of this, alongside our governance framework we have a Corporate Plan 2024-27 in place to bring focus and clarity to our vision and priorities for South Kesteven to be a thriving district in which to live, work and visit.

The Council is committed to continuous improvement and is confident that it has established robust foundations enabling it to continue to develop and strengthen governance arrangements.

Karen Bradford
Chief Executive
South Kesteven
District Council

Cllr Ashley Baxter
Leader of the Council
South Kesteven
District Council

 @southkesteven
 @southkdc
 [linkedin.com/company/south-kesteven-council](https://www.linkedin.com/company/south-kesteven-council)

Key elements of the Council's Governance Framework 2023/24

Full Council	<ul style="list-style-type: none"> ■ Approves amendments to the Constitution and all associated Procedure Rules, Protocols and Codes ■ Approves Strategies, Policies and Plans which make up the Policy Framework such as the Corporate Plan and Local Development Plan ■ Approves the Council's budget and Medium-Term Financial Strategy, including the setting of Council Tax ■ Holds meetings in public unless exemptions apply. All meetings are broadcast live and decisions are publicly available in minutes
Cabinet	<ul style="list-style-type: none"> ■ Takes the majority of the Council's decisions on matters outside of the Council's budget and policy frameworks ■ Sets priorities in line with the Council's Vision and recommends budget proposals to underpin delivery ■ Reviews the Council's financial performance, performance of services and risk management ■ Holds meetings in public unless exemptions apply. All meetings are broadcast live and decisions are publicly available in minutes
Governance and Audit Committee	<ul style="list-style-type: none"> ■ Reviews and approves Financial Statements on behalf of the Council ■ Reviews Financial Regulations, Contract Procedure Rules, and the Treasury Management Strategy as well as any amendments to the Constitution ■ Reviews and scrutinises governance arrangements, including Local Code of Corporate Governance, internal and external audit reports, and management of risk ■ Reviews annual reports for Safeguarding, Health & Safety, Business Continuity, and complaints made to the Local Government Ombudsman ■ Holds meetings in public unless exemptions apply. All decisions are publicly available in minutes
Overview and Scrutiny Committee	<ul style="list-style-type: none"> ■ Provides a critical friend challenge to the Cabinet and holds decision-takers to account ■ Makes recommendations to decision-takers as part of pre-decision scrutiny ■ Makes recommendations to decision-takers as part of policy or strategy development ■ Can hold calls for evidence from internal or external stakeholders ■ Holds meetings in public unless exemptions apply. All meetings are broadcast live and decisions are publicly available in minutes
Standards Committee	<ul style="list-style-type: none"> ■ Oversees processes relating to Councillor Code of Conduct complaints ■ Acts as a Hearing Review Panel for Code of Conduct complaint cases which are referred for formal review ■ Promotes high standards in public office ■ Holds meetings in public unless exemptions apply. All meetings are broadcast live and decisions are publicly available in minutes
Management	<ul style="list-style-type: none"> ■ Reviews performance management and projects including progress against milestones, resource allocation, risks, and performance ■ Completes Annual Assurance Statements and contributes to the effective corporate management and governance of the Council
Risk Management	<ul style="list-style-type: none"> ■ Reviews risk registers for strategic, operational and fraud risks. Strategic risks considered by senior managers quarterly and Governance and Audit Committee bi-annually
Internal Audit	<ul style="list-style-type: none"> ■ Sets the Internal Audit Strategy to meet the Council's overall strategic direction and provide assurance on risk management, governance, and internal control arrangements ■ Undertakes annual programme of audits and presents progress reports against the plan ■ Makes recommendations for improvement in systems and controls and value for money

How we comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Solace Framework

The Council has approved and adopted a Local Code of Corporate Governance based on the requirements of the CIPFA/Solace Delivering Good Governance in Local Government Framework 2016. Set out below is how the Council has complied with the seven principles set out in the CIPFA/Solace Framework during 2023/24.

Principle A

Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

The Council has defined and communicated the standards of conduct and personal behaviour expected of elected Members and Officers through its Member and Officer Codes of Conduct, together with a Member/ Officer Protocol, included as part of its Constitution to ensure integrity.

Member Code of Conduct training formed part of the comprehensive induction programme for Members following the quadrennial elections in May 2023, with further refresh sessions being held throughout the term of office on an annual basis. The Council has agreed that it is mandatory for all Councillors to attend training on the Councillor Code of Conduct every year.

A new procedure for dealing with complaints against Councillors was approved in September 2023 which follows good practice set out in LGA guidance. Any complaints submitted are assessed or investigated by the Monitoring Officer in consultation with the Council's two Independent Persons in accordance with the approved procedure. The Standards Committee, introduced in May 2023, oversees the process associated with Code of Conduct complaints and promotes high standards of behaviour and conduct in public office.

A Counter Fraud Framework is in place which incorporates bribery and corruption, and a Whistleblowing Policy, reviewed in 2023, which provides protection for individuals to raise concerns in confidence and ensures that any concerns raised are investigated.

The Council's Customer Feedback Process provides members of the public with an avenue to raise any concern or complaint as well as provide compliments to specific service areas or individual members of staff.

The Governance Framework brings together an underlying set of legislative requirements, good practice principles and management processes. It comprises the systems, processes, culture, and values by which the Council is directed and controlled, and through which it is accountable to, engages with and informs the local community. It enables the Council to monitor the achievement of its strategic objectives.

Whenever the Council makes decisions at its meetings it ensures legal implications are considered. To assist with this, all reports include legal and governance implications, which are signed off by the Monitoring Officer or Deputy Monitoring Officer, Legal Executive, or a legal representative from the Legal Services Lincolnshire Partnership.

Principle B

Ensuring openness and comprehensive stakeholder engagement

All meetings are open to the public with agenda papers, reports and decisions being published on our website, except those determined as exempt from publication. Additionally, most of the Council's Committee meetings are broadcast live via its webcasting system.

The Council can exclude the press and public from meetings for reasons set out in Schedule 12A of the Local Government Act 1972 (as amended).

The Council has robust arrangements in place to deal with residents' complaints, FOI requests, Subject Access Requests, data breaches and whistleblowing allegations.

The Council's Constitution sets out how the authority engages with stakeholders and partners.

A Partnerships Register is in place and available for viewing on the Council's website which confirms arrangements the Council has in place with partners and shared working practices.

During 2023/24 a number of statutory consultations were undertaken:

- **Service Charges Policy:** To establish what tenants in sheltered housing and flats think. 47% of respondents supported the two basic principles of the Rent Setting and Service Charges Policy
- **Community Governance Review Consultation Stage 2:** To assist the Council in determining the three parameters for the new town parish council for Grantham. 81% agreed with the Council's draft recommendation that a Parish Council should be created and 79% agreed that the boundaries should reflect the current unparished area of Grantham
- **Community Governance Review of Little Ponton and Stroxtton Parish Council:** To consult on the future of the Parish Council. 65% did not support either of the alternative options preferring that local governance arrangements remained as they are
- **Hackney Carriage (Taxi) and Private Hire Vehicle Licensing Policy:** To consult on the various changes to the Council's Policy. 62% agreed with the statement "To what extent do you agree or disagree that hackney carriage and private hire vehicle drivers should be required to undertake training or assessment focussed on attitudes and behaviours?". 55% supported the introduction of a maximum fare scale
- **Animal Welfare Licensing Policy:** To establish what local people think of a policy governing animal welfare licensing. 91% agreed with the objectives of the Policy one of those being that the five overarching principles of animal welfare (known as the five needs) are upheld in any decision



Launch of Trigge Library Colouring Books, St Wulfram's Church – Claire Saunders and John Manterfield

- **Council Tax 2024/25:** To establish if local people support a council tax increase of 3%. 48% supported the proposal; 46% did not support the proposal; and 6% did not know

The Council also undertook a number of discretionary consultations which included:

- **Climate Action Strategy:** To establish what local people and other stakeholders think of the Council's Strategy. 76% agreed with the areas of focus identified and there was strong support for each of the themes
- **Corporate Plan:** To establish what local people think of the Council's draft vision, priorities, and ambitions. 81% of respondents agreed with the priority 'A sustainable South Kesteven'
- **Trees and Woodland Strategy:** To consult on the principles of the Strategy. 99% of respondents agreed that planting, maintaining, and protecting trees and woodlands was an important function

Principles C and D

Defining outcomes in terms of sustainable economic, social and environmental benefits and determining the interventions necessary to optimise the achievement of the intended outcomes

LeisureSK Ltd was established in September 2020 and took over the management of the Council's three leisure facilities in Grantham, Bourne and Stamford in January 2021. There is a leisure contract in place between the company and the Council which details the level of service to be provided and includes key performance indicators to measure and monitor performance. Under the terms of the contract, LeisureSK Ltd is responsible for the provision of a high quality, accessible leisure service across the district which is attractive to residents and visitors.

The main aim of the arrangement is to facilitate the improvement of the health and wellbeing of the district through a range of outcomes, including increasing levels of physical activity across the district, attracting increasing numbers of users to the leisure facilities, providing a high standard of customer care, and identifying opportunities to engage with residents outside of traditional leisure activities.

There is a Council appointed Board of Directors for LeisureSK Ltd which is responsible for overseeing the strategic direction of the company and its financial and operational performance. Membership of the Board of Directors is complemented by a Non-Executive Director who was recruited in recognition of their significant leisure knowledge and experience. Council Officers perform the 'client' role ensuring robust contract monitoring arrangements are in place to ensure that LeisureSK Ltd deliver on the contract objectives and key performance indicators.

The company Articles of Association provide that the Council as owner of the company has certain powers including the right to ask Directors to take or refrain from taking any action and the Members Agreement provides that the Council has unrestricted access to any company information or documents it requires.

The performance of LeisureSK Ltd is monitored by the Council's Culture and Leisure Overview and Scrutiny Committee which receives regular updates and the financial and operational performance of the company.

Principle E

Developing the entity's capacity, including the capability of its leadership and the individuals within it

The Council has an adopted People Strategy 2022-2025 which is built around three themes:

- Attract the right people, retain, and develop excellent skills, define, and embed the right culture
- Engaging and valuing our people to run our business effectively
- Effective leadership to encourage, inspire and navigate change

The aim of the People Strategy is to provide an immediate and on-going and long-term framework for engaging, sustaining, developing, and managing our people to be fit for purpose in supporting the Council's vision, goals and the aspirations outlined in the Corporate Plan. To address this, we will:

- Attract and recruit high calibre staff regionally
- Develop and support our staff to fulfil their potential and help us deliver our aspirations
- Engage to create an inspired workforce
- Improve the equality, diversity, and inclusion of the Council



Twin stream recycling

- Retain and reward our staff through recognising their contribution
- Create and maintain a progressive, collaborative, and healthy working environment

The Council has 21 apprenticeships and during 2023/24, 485 employees attended 104 learning events.

The Council has a scheme of delegation that sets out how decisions are made within the Council both at Member level and officer level. The Council has effective arrangements for the discharge of the statutory Monitoring Officer and Head of Paid Service functions and complies with the relevant requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) statement on the Role of the Chief Financial Officer in Local Government.

Principle F

Managing risks and performance through robust internal control and strong public financial management

The Council has effective risk management which is embedded across all areas of the business.

The authority recognises that risk management is an integral part of all activities and must be considered in all aspects of decision making.

The Council's Risk Management Framework sets out its approach to identifying and controlling risks. Risk registers are maintained at strategic and service area level. Strategic risks are reviewed by the Corporate Management Team and reported to the Governance and Audit Committee biannually.

During 2023/24 the Council held several facilitated strategic risk workshops with Assistant Directors and Directors to review and develop the Council's strategic risks. The new Strategic Risk Register was developed by collectively agreeing and scoring the risks. The existing key controls and mitigations were also assessed for effectiveness and actions identified. The Council's risk scoring matrix was also reviewed as part of the workshops.

The Council's project methodology ensures that all risks are captured and monitored to enable the successful delivery of projects. These are reported every two months to Corporate Management Team.

The Council's Counter Fraud Framework, structured on the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, sets out the importance of achieving intended outcomes, whilst acting in the public interest, and being seen to do so.

Financial management is a key element of the structure and processes that comprise the Council's governance arrangements and it will be undertaking an assessment against the CIPFA Financial Management Code and developing an action plan.

Strategic Risks 2023/24

1. Successful/serious cyber security attack on the Council
2. Serious safeguarding failure by the Council
3. Serious health, safety, and well-being failure by the Council
4. Ineffective financial management
5. Unable to maintain and build quality and consistency in service provision by the Council
6. Unable to maintain and build sufficient staffing capacity and capability
7. Failure to explore digital transformation of Council Services
8. Not maintaining and developing fruitful partnerships and collaborations
9. #TEAMSK values/culture are not lived
10. Unable to meet requirements of new regulations and legislation affecting the Council
11. Not sufficiently engaging with and responding to climate change
12. Not effectively engaging without key external stakeholders
13. Governance failure
14. Significant fraud/theft successfully committed against the Council
15. Unable to effectively respond to political priorities

Underpinning the delivery of the Council's Corporate Plan 2020-2024 and priorities is the ethos of an effective Council. This includes effective financial management to achieve efficiencies and savings in the short and medium terms.

Principle G

Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Council is open and accessible to the community, service users and employees. It is committed to openness and transparency in all that it does, and this is underpinned by the Corporate Plan. The Council ensures that clear channels of communication are in place with all sections of the community and other stakeholders, and we monitor these to ensure that they are operating effectively.

Every effort is made to ensure that information is concise and easy to understand. In accordance with the Local Government Transparency Code the Council publishes how we spend its money, how it uses its assets, how it makes decisions and have regard to issues important to local people.

The Council has a comprehensive consultation process for published reports which ensures senior management, and Members, own the contents. The Council is committed to publishing information on its performance in a timely manner and report performance against targets and financial targets on a regular basis to committees.

The Council has recently entered a new contract for its internal audit services with BDO Ltd. They will report directly to the Governance and Audit Committee on all aspects of its work, including tracking the implementation of management actions. The Committee also has the opportunity to suggest items for the annual internal audit work programme approved by Governance and Audit Committee.

The Council welcomes peer challenge, reviews and inspections from regulatory bodies and it participates in national benchmarking exercises to obtain comparative data on performance. It has recently undertaken external reviews in relation to the Planning Service and the role and functions of the Planning Committee, the review of the Council's Scrutiny Function carried out by the Centre for Governance and Scrutiny and the Local Government Association Corporate Peer Challenge. Action plans have been developed and implemented with necessary constitutional amendments approved by Full Council to put these in place where necessary.

Governance Framework for 2023/24

The Governance Framework shown below has been in place throughout the financial year which ended on 31 March 2024 and continues to be in place up to the date of the approval of the Statement of Accounts.

Assurances required

- Delivery of Council's aims and objectives
- Services deliver value for money
- Engagement with stakeholders and public accountability
- Budget and financial management
- Roles and responsibilities of Members and Officers
- Standards of conduct and behaviour
- Compliance with laws, regulations, internal policies, and procedures
- Management of risk
- Effectiveness of internal controls

Sources of assurance

- Constitution, Scheme of Delegation, Financial Regulations, Contract Procedure Rules and specific Rules of Procedure for the Council's bodies
- Council, Cabinet and Committees including Governance and Audit and Overview and Scrutiny Committees
- Statutory Officers Group
- Corporate Information Governance Group
- Medium Term Financial Strategy
- Human resources policies and procedures
- Whistleblowing Policy
- Counter fraud procedures
- Risk management and internal control frameworks
- Performance management framework
- Partnership governance arrangements
- Codes of Conduct
- Corporate Management Team
- Annual Assurance Statements
- Customer complaints system
- Freedom of Information system

Assurances received

- Statement of Accounts
- External audit reports
- Internal audit reports
- Risk management reports
- Counter fraud reports
- Independent and external sources
- Local Government Ombudsman reports
- Reviews by Overview and Scrutiny Committees and Governance and Audit Committee
- Member/officer working groups
- Customer feedback eg complaints
- Freedom of Information requests
- Data Subject Access Requests
- Whistleblowing reports
- Health and Safety Executive inspections

Review of effectiveness

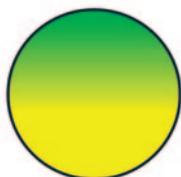
Internal audit

The Council's internal auditors, RSM, were required to provide an opinion on the overall adequacy and effectiveness of the Council's risk management, control, and governance processes.

Eleven assurance reviews (including two Follow Up reviews) were undertaken during 2023/24, plus one advisory review (Risk Management), with the eleven assurance reviews resulting in the following assurance levels:

Minimal assurance	Partial assurance	Reasonable assurance	Substantial assurance
	Responsive Repairs	Follow Up 1 Debtors and Debt Recovery Payroll Follow Up 2 Section 106 Agreements	Food Safety Management Governance Recruitment and Retention Cyber Treatment Plan Purchasing and Creditors

For the twelve months ended 31 March 2024, based on the work undertaken, the RSM Head of Internal Audit opinion was:



The organisation has an adequate and effective framework for risk management, governance, and internal control.

However, our work has identified further enhancements to the framework of risk management, governance, and internal control to ensure that it remains adequate and effective.

External audit

We are required to consider whether the Annual Governance Statement (22/23) does not comply with Delivering Good Governance in Local Government 2016 published by CIPFA and SOLACE. We have nothing to report in this regard.

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), External Audit are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources.

Audit are required to report their commentary on the Council's arrangements under specified criteria. The NAO have issued guidance which states that a commentary covering more than one financial year can be issued where it is more efficient and effective to do so. Grant Thornton decided to report a combined commentary on the Council's arrangements for 2021/22 and 2022/23 and this allowed for the Value for Money Assessment to be provided to the Council during 2023 which supports timely reporting. Audit concluded the following:

Financial sustainability

The Council, like others, continues to operate in an uncertain financial environment. It understands the risk it faces in respect of producing a balanced budget and the impact of inflationary pressures and likely future reductions in Government funding. The earlier than anticipated General Elections could bring forward changes to the business rates system and although the Council has reserves and balances to manage in the short-term savings will be required to be sustainable longer term.

In 2021/22 and 2022/23 no significant weaknesses in arrangements were identified, but one improvement recommendation was made.

Governance

The Council has been on a significant improvement journey over the last three years. The revision of the Constitution has led to greater clarity around decision making and clearer responsibility of delegation. The external LGA Peer review in November 2021 recognised the work that the Council had undertaken in relation to Governance and Leadership with the implementation of the comprehensive action plan.

We recognise that the Council has had a significant shift in its culture over the last three years, with recent staff survey results showing an increase in staff satisfaction and that staff feel that they have more engagement with management.

However, we have identified a significant weakness in relation to the Council's use of non-disclosure agreements (NDAs), and the processes and procedures that the Council follows to arrive at the decision to use an NDA. We have therefore made a key recommendation in this area.

We have also raised seven improvement recommendations to further enhance and strengthen the Council's processes.

Improving economy, efficiency, and effectiveness

The Council has processes in place to monitor and report on key performance metrics linked to its Corporate Plan. We recognise the significant work the Council has undertaken with the Regulator of Social Housing, since it self-referred in 2021, in order to resolve the health and safety issues identified.

Partnership working has been strengthened with the addition of a Partnerships Register providing transparency and oversight.

In 2021/22 and 2022/23 no significant weaknesses in arrangements were identified, but three improvement recommendation made.

Assurance Statement 2023/24

Heads of Service produced an Annual Assurance Statement for 2023/24 which assessed the effectiveness of their key control environment. Management assurance is a key assurance mechanism on which the Council seeks to obtain visibility over. The Council recognise that management may not be able to provide a positive assurance in all cases and would prefer a conclusion to be reached that is objective and honest with a view to then addressing any areas of concern in the future as may be required.

Heads of Service were asked to agree, or otherwise, to various statements based on their knowledge and

understanding across seven core areas of assurance:

- Probity and Regulatory
- Procurement
- Governance
- Human Resources
- Health and Safety
- IT and Data Management
- Business Continuity

The overall assurance level revealed that managers 'Fully Agreed' with 83% of the statements on assurance with the remainder being 12% 'Partially Agreed'; 3% 'Not Agreed' and 2% 'Don't Know'.

Themes for improvement were identified for Procurement, Health and Safety, and Business Continuity.

The responses were reported to Statutory Officers Group for review. Actions arising from the completion of the Assurance Statement have been captured and will be monitored during 2024/25.

Governance and Audit Committee is well established with its terms of reference complying fully with CIPFA guidance

The key areas covered by the Governance and Audit Committee's terms of reference are:

- accounts and financial reporting
- financial regulations
- treasury management
- internal and external audit activity
- risk management
- governance
- counter fraud and bribery
- contract procedure rules
- regulatory framework
- the ombudsman process

In addition, Governance and Audit Committee receive annual reports on:

- Business Continuity
- Health & Safety
- Safeguarding



New housing development at Elizabeth Road, Stamford

Follow-up on last year's key areas of focus

Last year's Annual Governance Statement identified five areas of focus and the table below sets out the action taken to address those areas:

Key area of focus identified for 2023/24	Action taken
Delivery of a comprehensive induction process for newly elected and re-elected Councillors following all-out elections in May 2023	Induction programme complete and positive feedback received. Lessons learnt to be reflected as part of working towards the East Midlands Councillor Development Charter
Ensure delivery of the Scrutiny Review Action Plan	Action plan implemented. New administration took over the Council in May 2023 and progressed the majority of recommendations
Ensure delivery of the Local Government Association Corporate Peer Challenge Action Plan	Action plan implemented and closure report to be presented to the Corporate Management Team
Governance and Audit Committee should receive training that includes a focus on conduct and best practice in what makes an effective committee	Conduct now covered by the Standards Committee which has received separate training. The Governance and Audit Committee receives annual training on its roles and responsibilities which is mandatory for all Members of the Committee
The Council and Chairman should review the attendance for any non-committee members and consider whether their involvement at the committee supports or impairs the effectiveness of carrying out its remit	Action no longer required



Inspirational Women of Grantham presentation

Governance issues

Key area of focus for 2024/25	Action owner	Deadline
East Midlands Councillor Development Charter Little Ponton and Stroxtion Community Governance Review	Monitoring Officer	June 2025
Little Ponton and Stroxtion Community Governance Review	Monitoring Officer	December 2024
Review of the Officer Code of Conduct	Monitoring Officer	March 2025
Lead officer established, who is an Accredited Counter Fraud Specialist, to investigate all whistleblowing reports	Deputy Chief Executive	September 2024
Lessons learnt report to be produced at the end of each key event/project	Head of Policy and Projects	September 2024
Use of data (Oflog, Government, benchmarking) to be used to assist in decision making	Head of Policy and Projects	December 2024
Lesson learnt review on complaints to stop reoccurrences	Monitoring Officer	September 2024
Investment in technology – Asset Management system and Financial System	Deputy Chief Executive	September 2024
Leisure Option Appraisal	Assistant Director of Leisure	March 2025

Contact Details

**Alternative formats are available on request:
audio, large print and Braille**

South Kesteven District Council

01476 40 60 80

 www.southkesteven.gov.uk

