

Annual Governance Statement Draft

2022/23



Grantham



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Foreword

Welcome to South Kesteven District Council's Annual Governance Statement for the period 1 April 2022 to 31 March 2023.

The Council has a duty to ensure that its business is conducted to a high standard in accordance with law and that our finances are safeguarded and properly accounted for, and the purpose of this Statement is to demonstrate that the right systems and processes are in place.

As in the previous 12 months, 2022-23 presented a huge set of unprecedented challenges to which the Council responded positively and proactively, thereby ensuring that residents and businesses could continue to access essential services, and that support and advice were available throughout.

The Council has adapted and continued to show flexibility in its response to the changing environment, whilst also meeting the requirement of the Local Government Act 1999 of planning for continuous improvement in the way services are delivered, and ensuring value for money for residents.

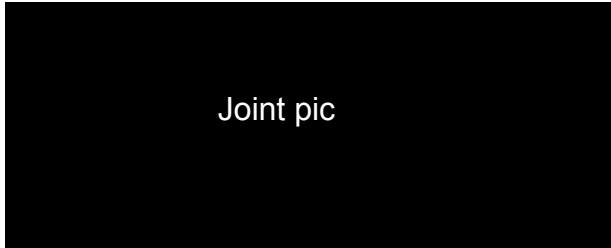
As part of this, alongside our governance framework we have a Corporate Plan 2020-2023 in place to bring focus and clarity to our vision and priorities for South Kesteven to be the best district in which to live, work and visit.

The Annual Governance Statement has been prepared and published in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance in Local Government Framework and meets the statutory requirement to review governance arrangements at least once a year.

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 statement details the Council's key governance arrangements, explaining how they are tested and the assurances that can be relied on to show that the systems are working effectively. It also allows us to identify areas for improvement in our internal control framework and implement any necessary changes.





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.



Joint pic

Cllr Richard Cleaver
Leader of the Council
South Kesteven
District Council

Karen Bradford
Chief Executive
South Kesteven
District Council

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 @southkdc
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Key elements of the Council's Governance Framework 2022/23

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, including Full Council the Corporate Plan and the 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 decisions are publicly available in minutes of its meetings
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 decisions are publicly available in minutes of its meetings
Governance and Audit Committee	<ul style="list-style-type: none"> • Scrutinises and approves Financial Statements on behalf of the Council • Reviews Financial Regulations, Contract Procedure Rules and the Treasury Management Strategy • 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 of its meetings
Overview and Scrutiny Committees	<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 decisions are publicly available in minutes of its meetings
Companies Committee	<ul style="list-style-type: none"> • Considers proposals on the creation of any new company or joint venture, making recommendations to Cabinet • Provides oversight of companies, joint venture partnerships or other such collaborative arrangements whether wholly or jointly owned by the Council • Provides the scrutiny function for investments, outcomes against funding, property disposals and other resourcing decisions made in relation to companies • Holds meetings in public unless exemptions apply. All decisions are publicly available in minutes of its meetings
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 biannually
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 2022/23.

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 2019, with further refresh sessions being held throughout the term of office. Additionally, the Council adopted the Local Government Association's new model Councillor Code of Conduct at its meeting on 25 November 2021 and subsequent training for Members on the Code has taken place. This training has been extended to Parish and Town Councils who have been encouraged to adopt the model Code.

There is a complaints process in place in relation to alleged breaches of the Member Code of Conduct, with any such complaints investigated by the Council's Monitoring Officer, in accordance with the a specific procedure for dealing with such complaints.

A Counter Fraud Framework is in place which incorporates bribery and corruption, and a Whistleblowing Policy 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 a decision 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. The Council is able to 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 development to confirm arrangements the Council has in place with partners and shared working practices.



During 2022/23 a number of consultations were undertaken. This included a significant public consultation with the residents of Grantham, and surrounding parishes, along with key stakeholders, to establish if they supported the creation of a new parish council via the Community Governance Review process.

An additional element of targeted consultation was undertaken with residents in three parishes on the periphery of the Grantham boundary and the results of both consultation exercises were reported to Full Council on 1 March 2023.

Consultations were undertaken on Wyndham, Dysart and Queen Elizabeth parks to capture local residents views of the facilities.

There was also a consultation on the proposal to increase council tax by £5 per Band D property for the financial year 2023/24.

Following the consultation in relation to the options associated with the investment, re-design and refurbishment of the Deepings Leisure Centre, the outcomes were presented to meetings of the relevant Overview and Scrutiny Committee, Cabinet in April 2022 and Full Council on 24 November 2022.





Principles C & 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

South Kesteven District Council has a number of Council owned companies that support the delivery of specific Council objectives

EnvironmentSK Ltd, a company wholly owned by the Council, provides facilities management focused on grounds maintenance, arboriculture and horticultural services to the Council, other authorities, parish and town councils, businesses, and the public. Six monthly updates have been provided to Companies Committee on the performance of the company, and Companies Committee were also responsible for approving the projected budget for 2022/23 and associated Business Plan. During 2022/23 a significant amount of work was undertaken to ensure that the mapping of grounds maintenance responsibilities were accurately recorded in a new Geographic Information System, and a new grounds maintenance specification was developed. These key pieces of information formed the basis of an options appraisal looking at the future of grounds maintenance provision across the district. Three options were identified including EnvironmentSK Ltd continuing to provide the service, options around a commercial contract through a procurement exercise, or whether the grounds maintenance service should be insourced and integrated with other Council

functions. The results of the options appraisal were presented to a joint scrutiny meeting of the Environment and Rural and Communities Overview and Scrutiny Committees on 6 February 2023. Following their recommendation Cabinet decided that the grounds maintenance service should be insourced from 1 April 2023, the service being integrated with Street Scene as soon as possible within the financial year 2023/24.

LeisureSK Ltd was established in September 2020 and took over the management of the Council's leisure facilities 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.

The Council's leisure contract arrangement with LeisureSK Ltd now covers three leisure centres in Grantham, Stamford and Bourne. Deepings Leisure Centre was closed in July 2021 as, due to its age and condition, it posed significant health and safety risks. Subsequently Deepings Leisure Centre was removed from the contract with the building being handed back to its owner, Lincolnshire County Council in January 2023..

There is a Council appointed Board of Directors for LeisureSK Ltd which comprises senior officers. The Board 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 his significant leisure knowledge and experience.

There are robust contract monitoring arrangements in place to ensure that LeisureSK Ltd deliver on the contract objectives and key performance indicators.

Principle E

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

The Council has adopted a People Strategy 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 in order 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. In order 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
- Retain and reward our staff through recognising their contribution
- Create and maintain a progressive, collaborative and healthy working environment

The Council has a scheme of delegation that sets out how decisions are made within the Council both at Member level and officer level. This was reviewed and adopted by the Council on 27 January 2022 as part of a comprehensive review of the Council's Constitution. 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 business activity. 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.

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.

The Council continues to be a part of the Lincolnshire Counter Fraud Partnership which was established to create the framework for a county-wide anti-fraud approach. The Partnership provides a forum for counter fraud specialists and subject area experts from Lincolnshire County Council and the seven district councils in Lincolnshire to develop and deliver proactive exercises and investigate fraud.

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.

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

Strategic Risks 2022/23

1. Ensuring efficient and effective internal control/compliance
2. Achieving Council transformation
3. Supporting communities
4. Achieving future financial resilience
5. Creating the right culture, capacity and capability
6. Ability to be agile and shift focus in response to policy, national political change, and changes to the external environment
7. Ensuring robust security measures to protect the Council's data and assets from external threats

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 an internal audit services, commissioned through Assurance Lincolnshire, that reports 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.

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 2022/23

The Governance Framework shown below has been in place throughout the financial year which ended on 31 March 2023 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 and 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

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

Review of Effectiveness

Internal audit

The Council's internal auditors, Assurance Lincolnshire, are required to provide an opinion on the overall adequacy and effectiveness of the Council's risk management, governance and internal control arrangements.

Six assurance reviews were undertaken during 2022/23 and one consultancy review. Five assurance reviews resulted in Substantial Assurance, and one resulted in a split assurance of Substantial/Limited.

For the twelve months ended 31 March 2023, based on the work undertaken, internal audit's opinion below details the adequacy and effectiveness of the Council's risk management, governance and internal control arrangements:

TBC

Governance and Audit

Committee is well established with its terms of reference complying fully with CIPFA guidance.

The key areas covered by the 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, Committee receives annual reports on:

- Business Continuity
- Health & Safety
- Safeguarding

External audit

TBC

Combined Assurance Review

TBC

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

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

Key area of focus identified for 2022/23	Action taken
Seek removal of the statutory housing regulator improvement notice	An improvement plan, agreed with the Regulator of Social Housing, has been implemented and the Council is now in a position of compliance in terms of landlord health and safety. Continuous improvement across all compliance areas remains a key focus. Work is ongoing to seek removal of the Regulatory Notice at the earliest opportunity.
Undertake an annual review of the Council's Constitution	Following the comprehensive review, a revised Constitution for the authority was approved and adopted by Full Council on 26 May 2022. The Monitoring Officer is required to keep the document under regular review and will report any necessary changes into the relevant Committee at the appropriate time. All Members of the Council also have the ability to highlight aspects of the Constitution which they feel require review, which would also result in consideration by the relevant Committee and presentation to Council.
Undertake a six-month assessment of the Peer Review	A six-month review of progress made against the recommendations set out in the Local Government Association Corporate Peer Challenge was undertaken in September 2022 and a revised action plan is in place to address areas identified for further areas of improvement. The Peer Review Team reported that significant progress had been made by the Council in response to the recommendations put forward in the initial report and commended the authority for the work undertaken.
Develop an action plan to respond to the Council's Scrutiny Review	An action plan, in response to the Centre for Governance and Scrutiny's final report, following its review of the Council's Overview and Scrutiny function, was endorsed by the Governance and Audit Committee on 30 January 2023 and presented to Council on 1 March 2023.
Undertake a further review of the Council's companies to ensure they are fit for purpose	Independent reviews of companies, and the services they deliver for the Council, are undertaken on a case-by-case basis. This has resulted in decisions to dissolve three of the Council's wholly owned companies.

Governance Issues

Key area of focus for 2023/24	Action Owner	Deadline
Delivery of a comprehensive induction process for newly elected and re-elected Councillors following all-out elections in May 2023	Assistant Director of Governance	To be completed by September 2023
Ensure delivery of the Scrutiny Review Action Plan	Assistant Director of Governance	December 2023
Ensure delivery of the Local Government Association Corporate Peer Challenge Action Plan	Corporate Management Team	May 2024

Contact Details

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

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